

TITLE 18. ENVIRONMENTAL QUALITY
CHAPTER 15. WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA

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ARTICLE 1. MANAGEMENT GENERAL PROVISIONS

R18-15-101. Definitions

In addition to the definitions prescribed in A.R.S. §§ 49-101, 49-201, and 49-1201, the terms of this Chapter, unless otherwise specified, have the following meanings:

"Applicant" means a governmental unit, a non-point source project sponsor, ~~or a drinking water facility~~ a Drinking Water Facility, or a water provider that is seeking financial assistance from the Authority under the provisions of this Chapter.

"Application" means a request for financial assistance submitted to the Board ~~or Committee~~, by an applicant.

~~"Approval to Construct" means the written approval issued by the Department or the Department's designee to an applicant or recipient indicating that project construction may begin.~~

"Authority" means the Water Infrastructure Finance Authority of Arizona pursuant to A.R.S. § 49-1201.

"Board" means the board of directors of the Authority pursuant to A.R.S. § 49-1201.

"Certified Water Quality Management Plan" means a plan prepared by the designated Water Quality Management Planning Agency, pursuant to § 208 of the Clean Water Act, 33 U.S.C. § 1288.

"Clean Water Revolving Fund" means the fund established by A.R.S. § 49-1221.

"Committee" means the water supply development fund committee according to A.R.S. § 49-1201.

~~"Construction" means, for a project, any placement, assembly, or installation of a building, structure, equipment, treatment process, collection lines, distribution lines, pumps, or related drinking water or water pollution control activity.~~

"Dedicated Revenue Source for Repayment" means the source of revenue pledged by a borrower to repay the financial assistance.

"Department" means the Arizona Department of Environmental Quality.

"Designated Water Quality Management Planning Agency" means a single representative organization designated by the Governor pursuant to § 208 of the Clean Water Act, 33 U.S.C. § 1288, to develop a Certified Water Quality Management Plan for the area.

"Disbursement" means the transfer of cash from the fund to a recipient.

"Drinking Water Facility" means a community water system as defined in R18-4-101, or a nonprofit non-community water system as defined in R18-4-101.

"Drinking Water Revolving Fund" means the fund established by A.R.S. § 49-1241.

"EPA" means the United States Environmental Protection Agency and its successor.

~~"Equivalency Project" means a wastewater treatment facility under § 212 of the Clean Water Act, 33 U.S.C. § 1292, constructed in whole or in part before October 1, 1994, with funds equaling the amount of the federal capitalization grant.~~

"Executive Director" means the executive director of the Water Infrastructure Finance Authority of Arizona.

"Federal capitalization grant" means the assistance agreement by which the EPA obligates and awards funds allotted to the Authority for purposes of capitalizing the Clean Water Revolving Fund and the Drinking Water Revolving Fund.

"Financial assistance" means the use of monies for any of the purposes identified in ~~R18-15-201, R18-15-301, and R18-15-401~~ R18-15-102(B).

~~"Financial assistance agreement" means any agreement, including a financial assistance loan repayment agreement, or technical assistance loan repayment agreement, grant agreement that defines the terms for financial assistance provided pursuant according to this Article Chapter.~~

~~"First Use Project" means a project identified by EPA and the state as part of the National Municipal Policy List for the state.~~

"Fundable Range" means a project is prepared for implementation.

"Grant applicant" means a governmental unit, a nonpoint source project sponsor, a Drinking Water Facility, or a water provider that is seeking a Technical Assistance Grant from the Authority under the provisions of this Chapter.

"Grant application" means a request for a Technical Assistance Grant submitted to the Board or Committee, by a grant applicant in a format prescribed by the Authority.

"Governmental unit" means a political subdivision or Indian tribe that may receive financial assistance from the Authority pursuant to A.R.S. § 49-1203.

~~"Infiltration" means water other than wastewater that enters a sewer system, including sewer service connections and foundation drains, from the ground through such means as defective pipes, pipe joints, connections, or manholes.~~

"Intended Use Plan" means the document prepared by the Authority identifying the intended uses of Clean Water Revolving Fund and Drinking Water Revolving Fund federal capitalization grants pursuant to R18-15-203 and R18-15-303 according to R18-15-202 and R18-15-302, the intended uses of the Water Supply Development revolving fund according to R18-15-402, and technical assistance programs according to R18-15-502.

"Master Priority List" means the Master Priority List for Capacity Development developed by the Arizona Department of Environmental Quality under 18 A.A.C. 8., which ranks public water systems according to their need for technical assistance.

"MBE, WBE, SBRA report" means a report meeting the Disadvantaged Business Enterprise program of EPA that identifies and documents each small business or business enterprise owned by a woman or minority in a rural area that participates in a contract funded in whole or in part by the Authority.

"Nonpoint Source Management Program" means Arizona's Nonpoint Source Management Program, approved by EPA under § 319 of the Clean Water Act, 33 U.S.C. § 1329, for controlling pollution from nonpoint sources.

~~"Preconstruction" means any activity that occurs on the project before any physical activity onsite such as the erection, acquisition, alteration, remodeling, improvement, or extension of treatment works, collection lines, distribution lines, or pumps.~~

"Priority List" means the document developed by the Board or Committee that ranks projects pursuant to R18-15-204, R18-15-304, R18-15-504 and R18-15-508 according to R18-15-204, R18-15-304, or R18-15-404.

"Priority Value" means the total points received during the evaluation of a project priority list request submitted according to R18-15-203, R18-15-303 or R18-15-403.

~~"Policy technical assistance Professional Assistance" means the use of monies by or on behalf of the Authority to conduct research, conduct studies, conduct surveys, develop guidance, and perform related activities that benefit more than one water or wastewater system or water provider.~~

"Project" means any distinguishable segment or segments of a wastewater treatment facility, drinking water facility, Drinking Water Facility, or the Nonpoint Source Management Program, or water supply delivery system that can be bid separately and for which financial assistance is being requested or provided.

"Recipient" means an applicant who has entered into a financial assistance agreement or Technical assistance grant agreement with the Authority.

~~"Replacement" means obtaining and installing equipment or accessories that are necessary during the design and operation of the drinking water and wastewater infrastructure to maintain the capacity and performance for which such infrastructure were designed and constructed.~~

~~"Regulatory authority" means the Department, EPA, the Department of Health Services, a county, city, or other local health department, a county environmental agency, or a sanitary district.~~

"Service area" means the area within a municipality's boundaries, or the boundaries of a municipal, sanitary, irrigation, or county improvement district (for wastewater treatment or drinking water facilities), or is the area served by either a public service corporation (as defined in Article XV, Section 2 of the Arizona Constitution) or a homeowners association.

~~"State match" means the monies that may be used to meet the requirements of § 602(b)(2) of the Clean Water Act, 33 U.S.C. § 1382 and § 1452(e) of the Safe Drinking Water Act, 42 U.S.C. § 300j-12.~~

~~"Operational technical assistance Staff Assistance" means the use of monies for a specific water or wastewater system to assist that system to improve its operations or assist water providers with a water supply delivery system.~~

"Technical assistance" means assistance provided by the Authority in the form of Staff Assistance, Professional Assistance and Technical Assistance Grants.

"Technical assistance grant agreement" means any agreement that defines the terms for technical assistance provided according to this Chapter.

~~"Project technical assistance Technical Assistance Grants"~~ means the use of monies for a specific water ~~or~~, wastewater system, or water supply delivery system to assist that system ~~achieve in achieving financial, technical, managerial, or financial legal capability and~~ to facilitate the design, construction, acquisition, improvement, or consolidation of a drinking water, ~~or wastewater, or water supply delivery system.~~

"Technical Assistance Intended Use Plan" means the document prepared by the Authority identifying the intended sources and uses of funding for technical assistance.

"Treatment works" means any devices and systems for the storage, treatment, recycling, and reclamation of municipal sewage, domestic sewage, or liquid industrial wastes used to implement § 201 of the Clean Water Act, 33 U.S.C. § 1281, or necessary to recycle or reuse water over the design life of the works.

~~"User charge" means a charge levied on users of drinking water and wastewater infrastructure.~~

"Water provider" has same meaning as prescribed in A.R.S. § 49-1201.

"Water supply development" has same meaning as prescribed in A.R.S. § 49-1201.

"Water Supply Development Revolving Fund" means the fund established by A.R.S. § 49-1271.

R18-15-102. Types of Assistance Available

A. The Authority may provide financial and technical assistance under the following if the Board or Committee determines funding is available:

1. Clean Water Revolving Fund Program and Clean Water Technical Assistance Program;
2. Drinking Water Revolving Fund Program and Clean Water Technical Assistance Program;
3. Water Supply Development Revolving Fund Program and Water Supply Development Technical Assistance Program; and
4. Hardship Grant Fund Program.

B. Financial assistance available from the Authority includes any of the following:

1. Financial assistance loan repayment agreements;
2. Technical assistance loan repayment agreements;
3. The purchase or refinance of local debt obligations;
4. The guarantee or purchase of insurance for local obligations to improve credit market access or reduce interest rates; and
5. Short-term emergency loans agreements in accordance with A.R.S. § 49-1269.

C. Technical assistance available from the Authority includes Technical Assistance Grants. Other technical assistance in the form of Staff Assistance and Professional Assistance may be offered at the Board's or Committee's discretion and shall be defined in the annual Technical Assistance Intended Use Plan.

R18-15-102. R18-15-103. Application Process

A. ~~An applicant for financial requesting assistance shall apply to the Authority for each type of financial or technical assistance described in R18-15-102 on forms provided by the Authority. After the Board determines that an application is complete and correct, the Authority may enter into a financial assistance agreement with the applicant.~~

B. ~~An applicant seeking financial assistance through the Clean Water Revolving Fund financial assistance Program shall apply for financial assistance pursuant according to Articles 1 and 2 of this Chapter.~~

C. ~~An applicant seeking financial assistance through the Drinking Water Revolving Fund financial assistance Program shall apply for financial assistance pursuant according to Articles 1 and 3 of this Chapter.~~

D. ~~An applicant seeking financial assistance through the Water Supply Development Fund Program shall apply for financial assistance according to Articles 1 and 4 of this Chapter.~~

~~**D. E.** An applicant seeking other types of financial technical assistance available through the Water Infrastructure Finance Authority Technical Assistance Program shall apply for financial technical assistance pursuant according to Articles 1 and Article 5 of this Chapter.~~

E. F. ~~Any confidential information shall be marked~~ An applicant shall mark any confidential information with the words "confidential information" on each page of the material containing such information. A claim of confidential information may be asserted for a trade secret or information that, upon disclosure, would harm a person's competitive advantage. The Authority shall not disclose any confidential information determined confidential. Upon receipt of a claim of confidential information, the Authority shall make one of the following written determinations:

1. The designated information is confidential and the Authority shall not disclose the information except to those individuals deemed by the Authority to have a legitimate interest.
2. The designated information is not confidential, or
3. Additional information is required before a final confidentiality determination can be made.

R18-15-103. Legal Capability

- A. ~~The applicant shall demonstrate that it is legally authorized to enter into long term indebtedness and legally authorized to pledge the dedicated revenue source for repayment required by R18-15-104.~~
- B. ~~If the applicant is a political subdivision or water provider and the long term indebtedness is authorized through an election, the applicant shall provide all of the following:~~
 1. ~~One copy of the sample election ballot and election pamphlet at least 45 days prior to the election.~~
 2. ~~One copy of the governing body resolution calling for the election at least 45 days prior to the election.~~
 3. ~~One copy of the election results following the election.~~
 4. ~~An attorney's opinion on the current legal status of the applicant and the applicant's ability to legally enter into the financial assistance agreement.~~
- C. ~~If the applicant is a political subdivision and the long term indebtedness is authorized through a special taxing district creation process, the applicant shall provide all of the following:~~
 1. ~~One copy of all final documentation, notices, petitions, and related information at the conclusion of each step in the special taxing district creation process.~~
 2. ~~An attorney's opinion on the current legal status of the applicant and the applicant's ability to legally enter into the financial assistance agreement.~~
- D. ~~If the applicant is regulated by the Arizona Corporation Commission, the applicant shall provide all of the following:~~
 1. ~~Evidence that the financial assistance from the Authority to the applicant has been authorized by the Arizona Corporation Commission.~~
 2. ~~An attorney's opinion on the current legal status of the applicant and the applicant's ability to legally enter into the financial assistance agreement.~~
- E. ~~All other applicants who are not included in subsections (B), (C), and (D), shall demonstrate that a majority of the beneficiaries consent to the terms and conditions of the financial assistance. The Authority shall assist each applicant to devise a process by which this consent is documented.~~
- F. ~~Based on the Board's determination of the applicant's legal capability, the Authority may recommend modifications to the proposed project or the Authority may recommend modifications to the applicant's legal structure and organization.~~

R18-15-104. Financial Capability General Financial Assistance Application Requirements

- A. ~~The applicant shall identify a dedicated revenue source for repayment of the financial assistance. When determining an applicant's financial capability, the Board shall consider all the following:~~
 1. ~~The amount of money collected through the dedicated revenue source for each of the previous five fiscal years.~~
 2. ~~An estimate of the amount of money that will be collected through the dedicated revenue source for the current fiscal year.~~
 3. ~~A projection of the amount of money that will be collected through the dedicated revenue source for each of the next five fiscal years.~~
- B. ~~The applicant shall provide an estimate of the project costs, including applicable planning, design, and construction costs, as well as estimated annual operation, maintenance, and replacement costs.~~
- C. ~~The applicant shall provide an estimated schedule of required disbursements of the financial assistance.~~
- D. ~~The applicant shall provide the following information:~~
 1. ~~One copy of each financial statement, audit, or comprehensive financial statement from the previous five fiscal years.~~
 2. ~~One copy of each budget, business plan, management plan, or financial plan from the previous three fiscal years and the current fiscal year.~~
 3. ~~One copy of the proposed budget, business plan, management plan, or financial plan for the next fiscal year.~~
 4. ~~A summary of current fees for drinking or wastewater services including, as applicable, any resolutions passed by the governing body of a political subdivision.~~

- ~~5. The most recent version of the applicant's capital improvement plan or other plan explaining proposed infrastructure investments.~~
- ~~6. Copies of documentation relating to outstanding indebtedness including official statements, financial assistance agreements, and amortization schedules.~~
- ~~7. The number of connections to be served by the proposed project.~~
- ~~E. Based on the Board's determination of the applicant's financial capability and the Board's review of the estimated costs of the project, the Authority may recommend modifications to the proposed project or the Authority may recommend modifications to the dedicated revenue source.~~
- A.** The applicant shall provide in the application for financial assistance the information outlined in subsections (B), (C), (D) and (E).
- B.** The applicant shall demonstrate that it is legally authorized to enter into long-term indebtedness and legally authorized to pledge the Dedicated Revenue Source for Repayment required by subsection (C).
 1. If the applicant is a political subdivision and the long-term indebtedness is authorized through an election, the applicant shall provide all of the following:
 - a. One copy of the sample election ballot and election pamphlet.
 - b. One copy of the governing body resolution calling for the election.
 - c. Official evidence of the election results following the election.
 2. If the applicant is a political subdivision and the long-term indebtedness is not required by law to be authorized through an election, the applicant shall provide one copy of the approved governing body resolution authorizing the long-term indebtedness.
 3. If the applicant is a political subdivision and the long-term indebtedness is authorized through a special taxing district creation process, the applicant shall provide one copy of all final documentation, notices, petitions, and related information at the conclusion of each step in the special taxing district creation process.
 4. If the applicant is regulated by the Arizona Corporation Commission, the applicant shall provide evidence that the financial assistance from the Authority to the applicant is authorized by the Arizona Corporation Commission.
 5. All other applicants shall demonstrate that a majority of the beneficiaries consent to the terms and conditions of the financial assistance. The Authority shall assist each applicant to devise a process by which this consent is documented.
- C.** The applicant shall identify the Dedicated Revenue Source for Repayment of the financial assistance and demonstrate that the dedicated revenue source is sufficient to repay the financial assistance.
 1. The applicant shall provide the following information:
 - a. Amount of the financial assistance requested.
 - b. One copy of each financial statement, audit, or comprehensive financial statement from a minimum of the previous three fiscal years.
 - c. One copy of each budget, business plan, management plan, or financial plan from the previous and current fiscal years.
 - d. One copy of the proposed budget, business plan, management plan, or financial plan for the next fiscal year.
 - e. A projection of revenue anticipated to be collected over the next five years from the Dedicated Revenue Source of Repayment.
 - f. A summary of current fees for drinking or wastewater services including, as applicable, any resolutions passed by the governing body of a political subdivision.
 - g. Copies of documentation relating to outstanding indebtedness pledged to the dedicated source of repayment; including official statements, financial assistance agreements, and amortization schedules.
 2. If any of the required information listed above is not available, the Authority may assist the applicant in determining alternative documentation to support the applicant's financial capability.
 3. The Authority may ask for additional financial information as necessary to evaluate the applicant's financial capability.
- D.** The applicant shall demonstrate that it is technically capable to construct, operate, and maintain the proposed project.
 1. The applicant shall provide the following information:
 - a. An estimate of the project costs, including applicable planning, design, and construction and material costs;
 - b. The number of connections to be served by the proposed project;

- c. The most recent version of the applicant's capital improvement plan or other plan explaining proposed infrastructure investments.
- d. One copy of each feasibility study, engineering report, design memorandum, set of plans and specifications, and other technical documentation related to the proposed project determined applicable by the Authority for the stage of project completion;
- e. Copies of resumes, biographies or related information of the certified operators, system employees, or contractors employed by the applicant to operate and maintain the existing facilities and the proposed project;
- f. A description of the service area, including maps;
- g. A description of the existing physical facilities.
- 2. The Authority may ask for additional information as necessary to evaluate the applicant's technical capability.
- E.** The applicant shall demonstrate that it is capable to manage the proposed project.
 - 1. The applicant shall provide the following information:
 - a. Years of experience, term of office, and related information of the owners, managers, chief elected officials, and governing body members of the applicant.
 - b. A list of professional and outside services retained by the applicant and the proposed project.
 - 2. If any of the required information listed above is not available, the Authority may assist the applicant in determining alternative documentation to support the applicant's managerial capability.
 - 3. The Authority may ask for additional information as necessary to evaluate the applicant's managerial capability.

R18-15-105. ~~Technical Capability~~ General Financial Assistance Conditions

- ~~A. The Board shall review each applicant's technical capability to construct, operate, and maintain the proposed project.~~
- ~~B. The applicant shall provide the following information:~~
 - ~~1. One copy of each feasibility study, engineering report, design memorandum, set of plans and specifications, and other technical documentation related to the proposed project.~~
 - ~~2. Copies of resumes, biographies or related information of the certified operators, system employees, or contractors employed by the applicant to operate and maintain the existing facilities and the proposed project.~~
 - ~~3. A description of the service territory including maps.~~
 - ~~4. A description of the existing physical facilities.~~
- ~~C. The Board may consider the applicant's compliance history, as applicable, to the Clean Water Act, 33 U.S.C. §§ 1251 to 1387, Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-25, related Arizona statutes, and related rules, regulations, and policies.~~
- ~~D. Based on the Board's determination of the applicant's technical capability and the Board's review of the proposed project, the Authority may recommend modifications to the proposed project.~~
- A.** The Authority shall not execute a financial assistance agreement with an applicant until the applicant provides all documentation specified by the Authority and the conditions of R18-15-106 are complete. The documentation required prior to execution of the financial assistance agreement shall at a minimum include:
 - 1. One copy of the governing body resolution approving the execution of the financial assistance agreement,
 - 2. A project budget, and
 - 3. An Estimated disbursement schedule.
- B.** The financial assistance agreement between the recipient and the Authority shall at a minimum specify:
 - 1. Rates of interest, fees and any costs as determined by the Authority,
 - 2. Project details,
 - 3. The maximum amount of principal and interest due on any payment date,
 - 4. Debt service coverage requirements,
 - 5. Reporting requirements,
 - 6. Debt service reserve fund and repair and replacement reserve fund requirements,
 - 7. The source of repayment and pledge, and
 - 8. Any other agreed upon conditions.
- C.** The Authority may require a recipient to pay a proportionate share of the expenses of the Authority's operating costs.

- D. The recipient shall maintain a project account in accordance with generally accepted government accounting standards. After reasonable notice by the Authority, the recipient shall make available any project records reasonably required to determine compliance with the provisions of this Article and the financial assistance agreement.
- E. The Authority shall honor disbursement requests if the disbursements are consistent with the financial assistance and the disbursement schedule agreed to by both parties at the beginning of the contract, or the amended schedule based upon prior Authority approval.
 - 1. The applicant shall request each disbursement request on the forms provided by the Authority. Each disbursement request shall include a certification and signature document, a cost-incurred report, and a MBE, WBE, SBRA report. The Authority shall not process a disbursement until the applicant provides a completed disbursement form.
 - 2. The applicant shall include copies of invoices, canceled checks, or other documents that show proof of payment with each disbursement request.
- F. The recipient shall make repayments per an agreed upon schedule in the financial assistance agreement. The Authority shall charge a late fee for any loan repayment 30 days past the due date and every 30 days thereafter. The Authority shall refer any loan repayment over 90 days past due to the Office of the Attorney General for appropriate action.

R18-15-106. Managerial and Institutional Capability

- ~~A. The Board shall review each applicant's capability to manage the proposed project.~~
- ~~B. The applicant shall provide the following information:~~
 - ~~1. As applicable, copies of resumes, biographies, years of experience, term of office, and related information of the owners, managers, chief elected officials, and governing body members of the applicant.~~
 - ~~2. A list of professional and outside services retained by the applicant and the proposed project.~~
- ~~C. The Board may consider the following:~~
 - ~~1. As applicable, compliance history of the applicant relative to the Clean Water Act, 33 U.S.C. §§ 1251 to 1387, Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-25, related Arizona statutes, and related rules, regulations, and policies.~~
 - ~~2. The scope and size of the proposed project and the applicant's ability to manage the project once completed.~~
- ~~D. Based on the Board's determination of the applicant's managerial capability and the Board's review of the proposed project, the Authority may recommend modifications to the proposed project.~~

R18-15-107. R18-15-106. Environmental Review

- A. The Authority shall conduct an environmental review pursuant to this Section for impacts of the design or construction of water infrastructure works in accordance with applicable federal and state law. As part of the application process, the Authority shall request information from the applicant to conduct an environmental review consistent with the Clean Water Act, 33 U.S.C. 1251 to 1387, and A.R.S. Title 49.
- B. If, based on the application and other information submitted by the applicant, the Authority determines that a categorical exemption from an environmental review is warranted, the project is exempt from the requirements of this Section. The Authority shall grant an exemption if existing information and documents demonstrate that the project qualifies under 4 ~~one~~ or more of the following categories:
 - 1. Any project which is directed towards rehabilitation of existing facilities, functional replacement of equipment, or the construction of new ancillary facilities adjacent or appurtenant to existing facilities which do not affect the degree of treatment or capacity of the existing facility.
 - 2. Any project in sewered communities which is for minor upgrading and minor expansion of existing treatment works.
 - 3. Any project in unsewered communities where onsite technologies are proposed.
- ~~C. The If any of the following categories apply to the project, the Authority shall deny an exemption if the project falls under any of the following categories:~~
 - 1. The project will create a new, or relocate an existing, discharge to surface, or ground waters.
 - 2. The project will result in substantial increases in the volume of discharge or the loading of pollutants from an existing source or from new facilities to receiving waters.
 - 3. The project is known or expected to have a significant effect on the quality of the human environment, either individually, cumulatively over time, or in conjunction with other federal, state, local, or private actions.

4. The project is known or expected to directly or indirectly affect cultural resources, habitats of endangered or threatened species, environmentally important natural resource areas such as floodplains, wetlands, important farmlands, and aquifer recharge zones; or other resource areas.
 5. The project is known or expected to cause significant public controversy.
 6. The project is known or expected not to be cost effective.
- D. If the Authority ~~determines that a~~ denies the categorical exemption ~~is not warranted~~ under subsection ~~(B)~~ (C), the applicant shall:
1. ~~prepare~~ Prepare an Environmental Information Document (EID) in a format prescribed by the Authority. The EID shall be of sufficient scope to allow development of an Environmental Assessment (EA) under subsection (E), ~~or~~
 2. Provide documentation, upon Authority approval, in another format if the documentation is of sufficient scope to allow the development of an EA under subsection (E).
- E. ~~The EA may be conducted by the~~ The Authority or ~~by the applicant under the supervision of the Authority and shall include conduct the EA that includes~~ consideration of all of the following factors:
1. For the delineated planning area, the existing environmental conditions relevant either to the analysis of alternatives or to determining the environmental impacts of the proposed project.
 2. The relevant future environmental conditions of the delineated planning area, including the alternative of no action.
 3. The purpose and need for the project in the planning area, including the existing public health or water quality problems and their severity and extent.
 4. A comparative analysis of feasible alternatives, including no action, throughout the project area. The comparison shall focus on the beneficial and adverse consequences, both direct and indirect, on the existing environment, the future environment, and individual sensitive environmental issues that are identified by project management or through public participation conducted under this Section. The comparison shall also include an analysis of all of the following factors:
 - a. Land use and other social parameters, including recreation and open-space considerations.
 - b. Consistency with population projects used to develop state implementation plans under the Clean Air Act, 42 U.S.C. 7401 to 7671.
 - c. Cumulative impacts, including anticipated community growth within the project study area.
 - d. Other anticipated public works projects, including coordination with such projects.
 5. A full range of relevant impacts of the project, including any irreversible or irretrievable commitments of resources to the project and the relationship between local short-term uses of the environment and the maintenance and enhancement of long-term productivity.
 6. Proposed structural and nonstructural measures to mitigate or eliminate adverse effects on the human and natural environments. Among other measures, structural provisions include changes in project design, size, and location; and nonstructural provisions include staging facilities, monitoring and enforcement of environmental rules, and local commitments to develop and enforce land use rules.
- F. Upon completion of the EA required by subsection (E), the Authority shall determine whether an environmental impact statement (EIS) is necessary.
1. ~~The~~ If any of the following conditions exist, the Authority shall prepare or direct the applicant to prepare an EIS pursuant to subsection (G)-if any of the following conditions exist:
 - a. The project is known or expected to have a significant adverse effect on the quality of the human environment, either individually, cumulatively over time, or in conjunction with other federal, state, local, or private actions.
 - b. The project is known or expected to directly or indirectly adversely affect recognized cultural resources, habitats of endangered or threatened species, environmentally important natural resource areas such as floodplains, wetlands, important farmlands, and aquifer recharge zones, or other resource areas.
 - c. The project is likely to cause significant public controversy or is known or expected not to be cost effective.
 - d. The project discharges into a body of water where the present protected or designated use is not being met or is being challenged as inadequate to protect existing uses, and the discharge will not be of sufficient quality or quantity to meet the requirements of these uses.
 2. If the Authority determines pursuant to subsection (F)(1) that an EIS is not necessary, the Authority shall issue a finding of no significant impact (FNSI). ~~The FNSI shall be accompanied by~~ shall include the submitted EA with an attached memorandum from the Authority explaining any changes made to the

submitted document. Upon issuance of the FNSI, the project may proceed under the other requirements of this Article.

- G. ~~Any~~ The Authority shall assist in the preparation of an EIS required by subsection (F)(1) shall be prepared as follows by performing the following actions:
1. The Authority shall ~~1st~~ first prepare and distribute a Notice of Intent according to subsection (J)(3).
 2. As soon as possible after the publication of the Notice of Intent required by subsection (G)(1), the Authority shall convene a meeting of affected federal, state, and local agencies, affected Indian tribes, the applicant, and other interested parties. At the meeting, ~~the scope of the EIS~~ the parties attending the meeting shall be determined determine the scope of the EIS by considering a number of factors, including all of the following:
 - a. The significant issues to be analyzed in depth in the EIS.
 - b. The preliminary range of alternatives to be considered.
 - c. The potential cooperating agencies and information or analyses that may be needed from cooperating agencies or other parties.
 - d. The method for EIS preparation and the public participation strategy.
 3. Upon completion of the process described in subsection (G)(2), the Authority shall identify and evaluate all potentially viable alternatives to adequately address the range of issues identified. Additional issues may also be addressed, or others eliminated, and the reasons documented as part of the EIS.
 4. After the analysis of issues is conducted pursuant to subsection (G)(3), the Authority shall issue a draft EIS for public comment according to subsection (J)(4). Following public comment pursuant to subsection (J), the Authority shall prepare a final EIS, consisting of all of the following:
 - a. The draft EIS.
 - b. Comments received on the draft EIS.
 - c. A list of persons commenting on the draft EIS.
 - d. The Authority's responses to significant comments received.
 - e. A determination of consistency with the Certified Water Quality Management Plan, if applicable.
 - f. Any other information added by the Authority.
- H. After issuance of a final EIS ~~has been issued~~ under subsection (G), the Authority shall prepare and issue a record of decision (ROD) containing the Authority's decision whether to proceed or not proceed with a project. A ROD issued with a decision to proceed shall include mitigation measures derived from the EIS process. A ROD issued with a decision not to proceed shall preclude the project from receiving financial assistance under this Article.
- I. ~~Any~~ The Authority shall perform an environmental re-evaluation for any project awaiting financial assistance which has a five or more year old categorical exclusion, FNSI, or ROD under this Section shall be subject to an environmental re-evaluation. The Authority shall re-evaluate the project, environmental conditions, and public views and, in writing, either reaffirm or modify its original decision. The re-evaluation shall include any ~~Any new information used by in making the Authority in making its~~ Authority's determination shall be included.
- J. ~~Public notice and participation under this Section~~ The Authority shall be conducted conduct the public notice and participation under this Section as follows:
1. If a categorical exclusion is granted under subsection (B), the Authority shall provide public notice of that fact by publishing the notice as a legal notice at least once, in ~~4one~~ one or more newspapers of general circulation in the county or counties concerned.
 2. If a FNSI is issued under subsection (F)(2), the Authority shall provide public notice pursuant to R18-1-401(A) that the FNSI is available for public review. The notice shall provide that comments on the FNSI may be submitted to the Authority for a period of 30 days from the date of publication of the notice. If no comments are received, the FNSI shall immediately become effective.
 3. If a Notice of Intent is prepared and distributed under subsection (G)(1), the Authority shall publish it as a legal notice at least once, in ~~4one~~ one or more newspapers of general circulation in the county or counties concerned.
 4. If a draft EIS is issued under subsection (G)(4), the Authority shall provide public notice pursuant to A.A.C. R18-1-401(A) that the draft EIS is available for public review. The notice shall provide that comments on the draft EIS may be submitted to the Authority for a period of 30 days from the date of publication of the notice. In addition, if the Authority determines that a project may be controversial, the notice shall provide for a general public hearing to receive public comment pursuant to A.A.C. R18-1-401(B).

5. If the Authority reaffirms or revises a decision pursuant to subsection (I), the Authority shall provide public notice of that fact by publishing the notice as a legal notice at least once, in ~~one~~ or more newspapers of general circulation in the county or counties concerned.
6. ~~When public notice is required under this subsection, the Authority shall also provide written notice to the applicable Designated Water Quality Management Planning Agency.~~

R18-15-112, R18-15-107. Disputes

- A. Any interested party having a substantial financial interest in or suffering a substantial adverse financial impact from an action taken pursuant to this Chapter, excluding Article 5, may file a formal letter of dispute with the Executive Director. Any interested party having a substantial financial interest in or suffering a substantial adverse financial impact from an action taken pursuant to Article 5 shall proceed per R18-15-503(H), R18-15-504(H) or R18-15-505(H).
- B.** The interested party shall file the formal letter of dispute in writing within 30 days of the action with the Executive Director, with a copy to the Board. The formal letter of dispute shall include the following information:
 1. The name, address and telephone number of the interested party;
 2. The signature of the interested party or the interested party's representative;
 3. A detailed statement of the legal and factual grounds of the dispute including:
 - a. Copies of relevant documents, and
 - b. The nature of the substantial financial interest or the nature of the substantial adverse financial impact of the interested party.
 4. The form of relief requested.
- C.** Within 30 days of receipt of a dispute letter, the Authority shall issue a preliminary decision in writing, to be forwarded by certified mail to the party.
- ~~B-D.~~ Any party filing a dispute under subsection (B) that disagrees with a preliminary decision of the Authority may file a formal letter of appeal with the Board, provided such letter is received by the Executive Director not more than 15 days after the receipt by the party of the preliminary decision.
- ~~C-E.~~ The Board shall issue a final decision on issues appealed under subsection (B) not more than 60 days after receipt of the appeal.

R18-15-108. Interest Rate Determinations

- A. ~~In establishing interest rates for financial assistance made under this Chapter, the Authority:~~
 1. ~~Shall consider the interest rate on bonds issued by the Authority, prevailing market rates, the recommendations of financial advisors, equity growth, and asset growth;~~
 2. ~~Shall not establish a rate which exceeds prevailing market rates for similar types of financial assistance;~~
 3. ~~Shall not establish a rate that is less than is needed to retire the Authority's bonds.~~
- B. ~~The Authority shall establish interest rates on a loan by loan basis. Such determinations shall be adopted and amended as required by the Board at public meetings of the Board.~~

R18-15-109. Bid Document Review

To ensure compliance with all Arizona statutes and federal requirements for funding the project, the applicant shall submit bid documents for review and comment by the Authority prior to the release of the documents to prospective bidders or contractors.

R18-15-110. Disbursements and Repayments

- A. ~~The Authority shall honor disbursement requests if the disbursements are consistent with the financial assistance agreement and the disbursement schedule agreed to by both parties at the beginning of the contract, or the amended schedule based upon prior Authority approval.~~
- B. ~~The Authority shall charge a late fee for any loan repayment 30 days past the due date and every 30 days thereafter. The Authority shall refer any loan repayment over 90 days past due to the Office of the Attorney General for appropriate action pursuant to A.R.S. § 49-375(J).~~
- C. ~~The recipient shall maintain a project account in accordance with generally accepted government accounting standards. After reasonable notice by the Authority, the recipient shall make available any project records reasonably required to determine compliance with the provisions of this Article and the financial assistance agreement.~~

- D. ~~Each disbursement request shall be on the forms provided by the Authority. Each disbursement request shall include a certification and signature document, a cost incurred report, and a MBE, WBE, SBRA report. All disbursement forms shall be completely filled out before the disbursement can be processed by the Authority.~~
- E. ~~Each disbursement request shall include copies of invoices, canceled checks, or other documents that show proof of payment.~~

R18-15-111. Administration

- A. ~~The Authority may use up to 4% of federal capitalization grant awards to pay the reasonable costs of administering the Clean Water Revolving Fund and the Drinking Water Revolving Fund.~~
- B. ~~The Authority may also require a recipient to pay a proportionate share of the expenses of the Authority's operating costs.~~

ARTICLE 2. CLEAN WATER REVOLVING FUND

R18-15-201. Types of Financial Assistance Available Clean Water Revolving Fund Financial Assistance Eligibility Criteria

- A. ~~The Authority may use the Clean Water Revolving Fund for any of the following purposes:~~
 - 1. ~~Financial assistance, which includes any of the following:~~
 - a. ~~Financial assistance loan repayment agreements consistent with § 603(d) (1) of the Clean Water Act, 33 U.S.C. § 1383;~~
 - b. ~~The purchase or refinance of local debt obligations that were incurred after March 7, 1985, if building began after that date;~~
 - c. ~~The guarantee or purchase of insurance for local obligations to improve credit market access or reduce interest rates;~~
 - d. ~~Security as a source of repayment of principal and interest on bonds issued by the Authority provided that the net proceeds of the bonds are deposited in the fund;~~
 - e. ~~Guarantees of debt obligations by governmental units, which are issued to finance eligible projects.~~
 - 2. ~~Technical assistance loan repayment agreements.~~
 - 3. ~~Investments to earn interest to be deposited into the fund.~~
 - 4. ~~Payments of costs to administer the fund.~~
 - 5. ~~Other uses as additional funds are made available.~~
- B. ~~The Authority shall describe projects and proposed financial assistance in the Clean Water Revolving Fund Intended Use Plan, developed under R18-15-203.~~

To be eligible to receive financial assistance from the Clean Water Revolving Fund, the applicant shall demonstrate they are a government unit requesting financial assistance for a purpose as defined in A.R.S. §49-1223(A); the proposed project is to design, construct, acquire, improve or refinance a publicly owned wastewater treatment facility, or for any other purpose permitted by the clean water act including nonpoint source projects; and the proposed project appears on the Clean Water Revolving Fund Priority List developed under R18-15-203.

R18-15-203, R18-15-202. Clean Water Revolving Fund Intended Use Plan

- A.** ~~The Authority annually shall develop and publish an a Clean Water Revolving Fund Intended Use Plan for each funding cycle in which it anticipates that it will provide financial assistance for eligible projects that identifies the intended uses of funds available in the Clean Water Revolving Fund program. At a minimum the The Intended Use Plan shall include a Priority List, a Fundable Range for Design Financial Assistance, and a Fundable Range for Construction Financial Assistance and shall identify the projects by eligible applicant, project name, type of project, type of financial assistance, amount of financial assistance, and estimated interest rates to be charged the list of projects submitted pursuant to R18-15-203. The Intended Use Plan shall also identify first use and equivalency projects. The Intended Use Plan shall be prepared after providing for public comment and review. If an the Intended Use Plan is to be submitted as one of the documents required to obtain a grant under Title VI of the Clean Water Act, 33 U.S.C. §§ 1381 to 1387, the Intended Use Plan shall include any additional information required by federal law.~~
- B.** ~~The Authority shall provide for a public review and written comment period of the draft Clean Water Revolving Fund Intended Use Plan for a minimum period of 14 calendar days. The Authority shall summarize all written comments submitted and prepare responses for Board review. After review of the comments and the Authorities' responses to comments received during the public review and written comment period, the Board~~

shall adopt the Clean Water Revolving Fund Intended Use Plan at a public meeting with any changes made in response to public comments.

R18-15-202. Eligibility Requirements for Financial Assistance

- A. To be eligible to receive financial assistance an applicant shall propose a project to: design, construct, acquire, improve or refinance a publicly owned wastewater treatment facility or projects eligible for the Department's Water Quality Improvement Grant Program.
- B. A project eligible under subsection (A) shall also meet all of the following applicable requirements before receiving financial assistance:
1. The project shall appear on the Clean Water Revolving Fund Priority List developed under R18-15-204.
 2. The applicant shall demonstrate legal capability under R18-15-103.
 3. The applicant shall demonstrate financial capability under R18-15-104.
 4. The applicant shall demonstrate technical capability under R18-15-105.
 5. The applicant shall demonstrate managerial and institutional capability under R18-15-106.
 6. The applicant shall demonstrate completion of the environmental review process under R18-15-107.
 7. The applicant shall obtain or be in the process of obtaining all permits and approvals required by federal, state, and local authorities.
 8. The applicant shall ensure that the project is consistent with the Certified Water Quality Management Plan.
 9. For nonpoint source projects, the applicant shall ensure that the project is consistent with § 319 and Title VI of the Clean Water Act, 33 U.S.C. §§ 1329, 1381 to 1387.
- C. The Authority, through its Board, shall provide financial assistance to eligible governmental units for proposed projects in priority order according to the Clean Water Revolving Fund Priority List developed pursuant to R18-15-204. If the Board determines that an applicant will not be able to proceed with a project in a manner consistent with the Clean Water Revolving Fund Intended Use Plan, the Board shall bypass that project. The Board shall provide written notice to the applicant that the project has been bypassed. The Board shall replace the bypassed project with the next project on the Clean Water Revolving Fund Priority List in rank order that is ready to accept financial assistance.

R18-15-203. Clean Water Revolving Fund Priority List

- A. The Authority annually shall prepare a Clean Water Revolving Fund Priority List as part of the Intended Use Plan described in R18-15-202. The Board may waive the requirement to develop a Clean Water Revolving Fund Priority List if funds are not adequate to assist any projects or if the Board determines that no financial assistance will be offered for the annual funding cycle.
- B. An applicant pursuing financial assistance from the Authority for a project shall request to have the project included on the Clean Water Revolving Fund Priority List. The applicant may request that multiple projects be placed on the Clean Water Revolving Fund Priority List. An applicant shall make a request for placement of a project on the Clean Water Revolving Fund Priority List on or before a date specified by the Authority and on an application format specified by the Authority. The Authority shall include with the project priority list request form the criteria under each ranking category, defined in R18-15-204(A), by which the project will be evaluated and the relative importance of each criteria.
- C. In preparation of the Clean Water Revolving Fund Priority List, the Authority shall consider all project priority list requests submitted under subsection (B), all projects requested by regulatory authorities, and all plans prepared pursuant to the Clean Water Act, 33 U.S.C. §§ 1251 to 1387. The Authority shall evaluate the merits of the project with respect to water quality issues and determine the Priority Value of each project according to R18-15-204. At a minimum, the Clean Water Revolving Fund Priority List shall identify:
1. The applicant,
 2. Project title,
 3. Type of project,
 4. The amount requested for financial assistance,
 5. Subsidy rate index as defined in R18-15-204(C),
 6. If the project is within the Fundable Range as defined in R18-15-205, and
 7. The rank of each project as determined by the Priority Value.
- D. After adoption of the annual Intended Use Plan and Clean Water Revolving Fund Priority List according to R18-15-202, the Board may allow:
1. Updates and corrections to the adopted Clean Water Revolving Fund Priority List, if the updates and corrections are approved by the Board after an opportunity for public comment at a public meeting.

2. Additions to the Clean Water Revolving Fund Priority List, if the additions are approved by the Board after an opportunity for public comment at a public meeting.
- E.** After an opportunity for public comment at a public meeting, the Board may remove a project from the Clean Water Revolving Fund Priority List under one or more of the following circumstances:
 1. The project received financial assistance as evidenced by an executed financial assistance agreement with the Authority.
 2. The project was financed with long-term indebtedness from another source.
 3. The project is no longer an eligible project.
 4. The applicant requests removal.
 5. The applicant is no longer an eligible applicant, or
 6. The applicant did not update, modify, correct or resubmit a project that remained on the Priority List for greater than 365 days.

R18-15-204. Clean Water Revolving Fund Priority List Clean Water Revolving Fund Priority List Ranking

- ~~A. The Board shall adopt a Clean Water Revolving Fund Priority List for the funding cycle described in the Intended Use Plan. The Board shall not adopt a new list for years where funds are not adequate to assist any projects.~~
- ~~B. If the Clean Water Revolving Fund Priority List is required pursuant to subsection (A), the Authority shall rank the projects by priority points and the year the applicant requests project assistance.~~
- ~~C. An applicant, desiring placement on the Clean Water Revolving Fund Priority List, shall make its request for placement of one or more proposed projects on or before a date specified by the Authority. If requesting placement on the Clean Water Revolving Fund Priority List, an applicant shall submit information within an application format specified by the Authority.~~
- ~~D. The Authority shall prepare a draft Clean Water Revolving Fund Priority List. In developing a draft Clean Water Revolving Fund Priority List, the Authority shall consider all requests submitted under subsection (B), all requests made by regulatory authorities, all plans prepared pursuant to the Clean Water Act, 33 U.S.C. §§ 1251 to 1387, and the most recently adopted Clean Water Revolving Fund Priority List.~~
- ~~E. The Authority shall hold a public meeting to receive comments on the draft Clean Water Revolving Fund Priority List. The Authority shall publish a notice of the public meeting in newspapers statewide at least 14 days before the meeting date and make copies of the draft Clean Water Revolving Fund Priority List available to the public at least 7 days before the meeting date.~~
- ~~F. The Authority shall consider all comments submitted in writing before the meeting, given orally at the meeting, submitted in writing at the meeting, or submitted subsequent to the meeting but before the close of the written comment period. The Authority shall establish a written comment period and shall publish the date upon which the comment period closes in the meeting notice. After the Authority summarizes the comments received and prepares responses, the Board shall adopt the final Clean Water Revolving Fund Priority List.~~
- ~~G. The Board shall make additions to the final Clean Water Revolving Fund Priority List if both of the following conditions are met:

 1. ~~The project scores a minimum of 40 points under R18-15-207(C)(2).~~
 2. ~~The additions are made by the Board at a public meeting.~~~~
- ~~H. After an opportunity for public comment at a public meeting, the Board may make modifications to the Clean Water Revolving Fund Priority List, based on changes in circumstances under R18-15-207(C)(2).~~
- ~~I. After an opportunity for public comment at a public meeting, the Board may remove a project from the Clean Water Revolving Fund Priority List under one or more of the following circumstances:

 1. ~~The project has received all financial assistance from the fund requested by the applicant,~~
 2. ~~The project has been financed with long-term indebtedness from another source,~~
 3. ~~The project is no longer an eligible project,~~
 4. ~~The applicant requests removal, or~~
 5. ~~The applicant is no longer an eligible applicant.~~~~
- A.** The Authority shall rank each project on the Clean Water Revolving Fund Priority List based on the Priority Value of each project. The Authority shall use the following categories when determining the Priority Value of each project:
 1. Current Conditions -- The Authority shall evaluate the existing environmental, structural and regulatory integrity of the project and the degree to which the project is consistent with the Clean Water Act, 33 U.S.C. §§ 1251 to 1387.

2. Water Quality Improvement -- The Authority shall evaluate the degree to which the project improves or protects water quality.
 3. Sustainability Index -- The Authority shall evaluate the degree to which the project addresses any of the following:
 - a. Water Reuse and Conservation
 - b. Energy Use and Conservation and
 - c. Green Practices
 4. Consolidation and Regionalization -- The Authority shall evaluate the degree to which the project addresses any of the following:
 - a. Consolidation of facilities, operations, and ownership;
 - b. Extending service to existing areas currently served by another facility; or
 - c. A regional approach to operations, management or new facilities.
 5. Prior Year Funding -- The Authority shall evaluate if the project received assistance from the Authority in a previous funding cycle.
 6. Local Fiscal Capacity -- The Authority shall evaluate the financial impact of the project on the community.
- B.** If any of the projects have the same Priority Value, the Authority shall give priority to the project with the highest infrastructure need which is determined by adding the scores received for Current Condition and Water Quality Improvement categories. If projects continue to have the same Priority Value and infrastructure need, the Board shall determine the priority of the tied projects.
- C.** The Authority shall determine the subsidy rate index for each project on the Clean Water Revolving Fund Priority List based on the applicant's Local Fiscal Capacity value and the overall Priority Value of the project and shall incorporate the subsidy rate index in the financial assistance agreement described in R18-105(A)(1).

R18-15-205. Ranking Criteria for the Clean Water Revolving Fund Priority List Clean Water Revolving Fund Fundable Range for Financial Assistance

- A.** The Authority, through its Board, shall rank projects using priority values obtained from the following formula:
 $PV = EC + PB + LFC$, where:
 PV = Priority Value
 EC = Existing Conditions
 PB = Project Benefits
 LFC = Local Fiscal Capacity
- 1.** ~~Existing Conditions (EC) — The Authority shall award EC points up to a maximum of 200 points using the following formula:
 $EC = CC + PYF$, where:
 CC = Current Conditions
 PYF = Prior Year Funding~~
- a.** ~~Current Conditions (CC) — The Authority shall award CC points up to a maximum of 100 points using only one of the following categories:~~
- ~~i. Surface Water Pollution (Sewerage Facilities):~~
 - ~~(1) 100 points if the project corrects a sewer overflow.~~
 - ~~(2) 80 points if the project corrects a wastewater treatment facility non-compliance.~~
 - ~~(3) 60 points if the project corrects excessive inflow and infiltration.~~
 - ~~(4) 40 points if the project repairs a lift or pump station.~~
 - ~~ii. Untreated or Uncontrolled Runoff (shown to be polluting either surface or ground water):~~
 - ~~(1) 100 points if the project constructs or repairs a stormwater treatment or management facility.~~
 - ~~(2) 80 points if the project implements agricultural best management practices.~~
 - ~~(3) 60 points if the project involves landfill capping.~~
 - ~~(4) 40 points if the project is non-traditional.~~
 - ~~iii. Groundwater Pollution:~~
 - ~~(1) 100 points if the project corrects onsite wastewater systems shown to be polluting either surface or ground water.~~
 - ~~(2) 50 points if the project corrects surface or ground water pollution from sources other than onsite wastewater systems.~~
- b.** ~~Prior Year Funding (PYF) — The Authority shall award PYF points up to a maximum of 100 points with only one set of points awarded as follows~~

- ~~i. 100 points if the applicant requests additional financial assistance for a multi-year construction project that received financial assistance from the Authority in a previous funding cycle.~~
 - ~~ii. 80 points if the applicant requests financial assistance to construct a project that received pre-design or design financial or technical assistance from the Authority in a previous funding cycle.~~
 - ~~iii. 40 points if the applicant requests additional financial assistance to offset actual costs or justified overruns.~~
 - 2. **Project Benefits (PB)**—The Authority shall award PB points up to a maximum of 200 points using the following formula:
 $PB = WQI + CI + CR$, where:
 WQI = Water Quality Improvement
 CI = Conservation Index
 CR = Consolidation & Regionalization
 - a. **Water Quality Improvement (WQI)**—The Authority shall award WQI points up to a maximum of 100 point from a combination of Surface Water Restoration and Surface Water Protection or a maximum of 100 points from Groundwater Protection as follows:
 - i. **Surface Water Restoration**
 - ~~(1) 50 points if the project benefits a current Total Maximum Daily Load Implementation Plan.~~
 - ~~(2) 40 points if the project benefits the development of a Total Maximum Daily Load Implementation Plan.~~
 - ~~(3) 30 points if the project benefits a future Total Maximum Daily Load Implementation Plan.~~
 - ~~(4) 20 points if the project indirectly addresses a Total Maximum Daily Load Implementation Plan.~~
 - ~~(5) 10 bonus points if the project benefits a project funded by a Water Quality Improvement Grant from the Department.~~
 - ii. **Surface Water Protection**
 - ~~(1) 50 points if the project benefits a waterbody identified by the Department as not supporting its designated use.~~
 - ~~(2) 40 points if the project benefits a waterbody identified by the Department as in partial support of its designated use.~~
 - ~~(3) 30 points if the project benefits a waterbody by the Department as in full support of its designated use.~~
 - ~~(4) 10 bonus points to projects that address a regional or local watershed plan to benefit water quality.~~
 - iii. **Groundwater Protection**
 - ~~(1) 100 points if the project benefits a wellhead protection area for a community water system well.~~
 - ~~(2) 75 points if the project benefits groundwater not meeting aquifer water quality standards.~~
 - ~~(3) 50 points if the project benefits groundwater meeting aquifer water quality standards.~~
 - b. **Conservation Index (CI)**—The Authority shall award Conservation Index points up to a maximum of 50 points as follows:
 - ~~i. 50 points if the project will generate Class A+ reclaimed water for direct or indirect reuse.~~
 - ~~ii. 40 points if the project will generate Class A reclaimed water for direct or indirect reuse.~~
 - ~~iii. 30 points if the project will generate Class B+ reclaimed water for direct or indirect reuse.~~
 - ~~iv. 20 points if the project will generate Class B reclaimed water for direct or indirect reuse.~~
 - ~~v. 10 points if the project will generate Class C reclaimed water for direct or indirect reuse.~~
 - ~~vi. 0 points if the project will not generate reclaimed water for direct or indirect reuse.~~
 - c. **Consolidation & Regionalization (CR)**—up to a maximum of 50 points as follows:
 - ~~i. 20 points if the applicant is consolidating the physical facilities of existing multiple facilities.~~
 - ~~ii. 20 points if the applicant is extending service to existing areas currently served by another facility.~~
 - ~~iii. 5 points if the applicant is consolidating the operations of existing multiple facilities.~~
 - ~~iv. 5 points if the applicant is consolidating the ownership of existing multiple facilities.~~
 - 3. **Local Fiscal Capacity (LFC)**—The Authority shall award LFC points up to a maximum of 100 points using the following formula:
 $LFC = MHI + UF + I + CE$, where:
 MHI = Median Household Income
 UF = User Fees

I=Indebtedness

CE=Cost Effectiveness

- a. Median Household Income (MHI) — The Authority shall divide the MHI from the area served by the applicant by the state's MHI (Service Area MHI/State MHI) to award points as follows:
 - i. 40 points if the area's MHI is less than 40% of the State's MHI.
 - ii. 30 points if the area's MHI is greater than or equal to 40% but less than 60% of the State's MHI.
 - iii. 20 points if the area's MHI is greater than or equal to 60% but less than 80% of the State's MHI.
 - iv. 10 points if the area's MHI is greater than or equal to 80% but less than 100% of the State's MHI.
 - v. 0 points if the area's MHI is greater than or equal to 100% of the State's MHI.
 - b. User Fees (UF) — The Authority shall divide the applicant's proposed residential user fees, rates, and charges by the service area's MHI (Proposed User Fees, Rates and Charges/Area MHI) to award points as follows:
 - i. 20 points if the rates are more than 1.5% of the area's MHI.
 - ii. 10 points if the rates are from 1% to 1.5% of the area's MHI.
 - iii. 0 points if the rates are less than 1% of the area's MHI.
 - c. Indebtedness (I) — The Authority shall divide existing indebtedness and proposed indebtedness by the number of users (Indebtedness/Number of Users) and divide the result by the service area's MHI to award points as follows:
 - i. 20 points if the existing and proposed indebtedness is more than 1% of the area's MHI.
 - ii. 10 points if the existing and proposed indebtedness is from .5% to 1% of the area's MHI.
 - iii. 0 points if the existing and proposed indebtedness is less than .5% of the area's MHI.
 - d. Cost Effectiveness (CE) — The Authority shall divide the estimated costs of construction by the number of benefitting connections (Construction Costs/# of Benefitting Connections) to award points as follows:
 - i. 20 points if CE is less than \$2,500 per benefitting connection.
 - ii. 10 points if CE is from \$2,500 to \$5,000 per benefitting connection.
 - iii. 0 points if CE is more than \$5,000 per benefitting connection.
 - e. The Authority may use the most recent United States census data to determine the applicant's and the state's median household income. If the Authority or the applicant determines that this data is insufficient, the applicant shall use a reliable and impartial entity to conduct an income survey of the applicant's service area. If the applicant's service area is included in more than one income area, the Authority shall use an average of income areas to define the service area's median household income.
- B. ~~The Authority shall rank tied scores by placing the project with the lowest cost effectiveness ratio above all other tied projects.~~
- A. Prior to approval by the Board of the Clean Water Revolving Fund Priority List according to R18-15-203, the Authority shall determine which projects are within the Fundable Range.
- B. In determining the Fundable Range the Authority shall evaluate each project for evidence that the project is prepared for implementation. The Authority shall consider any of the following indicators when evaluating if the project is considered within the Fundable Range:
1. Evidence of debt authorization according to R18-15-104(B).
 2. Evidence that the applicant has obtained applicable local, state, or federal project permits, as applicable.
 3. Evidence of approved project plans and specifications.
 4. Evidence that the applicant has initiated the bid or solicitation process.

R18-15-206. Fundable Range for Clean Water Revolving Fund Design Financial Assistance Clean Water Revolving Fund Application for Financial Assistance

- ~~A. The Board shall adopt a Fundable Range for Design Financial Assistance based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for Design Financial Assistance for funding cycles in which funds are not adequate to assist any projects.~~
- ~~B. The Authority shall prepare a draft and a final Fundable Range for Design Financial Assistance at the same time and in the same manner as the Priority List in accordance with R18-15-204 (D) through (F).~~
- ~~C. The Board shall rank projects within the Fundable Range for Design Financial Assistance based on priority values obtained from the Priority List, the year the applicant requires funding, and the receipt of a complete Design Finance Application.~~

- ~~D. The Board shall make additions to the Fundable Range for Design Financial Assistance if each of the following conditions are met:~~
- ~~1. The project is on the Priority List;~~
 - ~~2. Funds are available to cover the cost of the project and to honor funding commitments made to other projects; and~~
 - ~~3. The additions are made by the Board at a public meeting.~~
- ~~E. After an opportunity for public comment at a public meeting, the Board shall remove a project from the Fundable Range for Design Financial Assistance under one or more of the following circumstances:~~
- ~~1. The project has been removed from the Priority List;~~
 - ~~2. The project has received all design financial assistance from the fund requested by the applicant; or~~
 - ~~3. The applicant fails to proceed with the project.~~
- A. The Authority shall accept an application for financial assistance from an eligible applicant for a project that appears on the Clean Water Revolving Fund Priority List and is determined to be in the Fundable Range. At the Authority's discretion, the Authority may accept applications for financial assistance prior to the project appearing on a Board approved Clean Water Revolving Fund Priority List.
- B. The Authority shall not forward an application to the Board for consideration until all the following conditions are met:
1. The project is on the Clean Water Revolving Fund Priority List;
 2. The applicant has provided evidence that the project is in the Fundable Range;
 3. The applicant has demonstrated legal capability, financial capability, technical capability and managerial capability under R18-15-104;
 4. For nonpoint source projects, the applicant has provided evidence that the project is consistent with § 319 and Title VI of the Clean Water Act, 33 U.S.C. §§ 1329, 1381 to 1387;
 5. The applicant has obtained or is in the process of obtaining all permits and approvals required by federal, state, and local authorities; and
 6. The proposed project is consistent with the Certified Water Quality Management Plan.
- C. The application criteria required under subsections (A) and (B) shall not apply to financial assistance requests for short-term emergency loans pursuant to A.R.S. §49-1269.

R18-15-207. Fundable Range for Clean Water Revolving Fund Construction Financial Assistance Clean Water Revolving Fund Application Review for Financial Assistance

- ~~A. The Board shall adopt a Fundable Range for Construction Financial Assistance based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for Construction Financial Assistance for funding cycles in which funds are not adequate to assist any projects.~~
- ~~B. The Authority shall prepare a draft and a final Fundable Range for Construction Financial Assistance at the same time and in the same manner as the Priority List in accordance with R18-15-204(D) through (F).~~
- ~~C. The Authority shall rank projects within the Fundable Range for Construction Financial Assistance based on priority values obtained from the following formula:
 $PV = MPLP + RP$, where:
 PV = Priority Value
 MPLP = Master Priority List Points
 RP = Readiness to Proceed~~
- ~~1. The Authority shall award Master Priority List Points in accordance with R18-15-205.~~
 - ~~2. Readiness to Proceed (RP) — The Authority shall award RP points up to a maximum of 100 points as follows:~~
 - ~~a. 40 points if the applicant has obtained debt authorization;~~
 - ~~b. 30 points if the applicant has solicited the project for bidding;~~
 - ~~c. 20 points if the applicant has the necessary plan and specification approvals;~~
 - ~~d. 10 points if the applicant has completed the project design.~~
- ~~D. The Board shall make additions to the Fundable Range for Construction Financial Assistance if each of the following conditions are met:~~
- ~~1. The project is on the Priority List;~~
 - ~~2. The project scores a minimum of 40 RP points under (C) (2);~~
 - ~~3. Funds are available to cover the cost of the project and to honor funding commitments made to other projects; and~~
 - ~~4. The additions are made by the Board at a public meeting.~~

- ~~E. After an opportunity for public comment at a public meeting, the Board shall remove a project from the Fundable Range for Construction Financial Assistance under one or more of the following circumstances:~~
- ~~1. The project has been removed from the Priority List,~~
 - ~~2. The project has received all construction financial assistance from the fund requested by the applicant, or~~
 - ~~3. The applicant fails to proceed with the project.~~
- A. The Authority shall evaluate and summarize each application received and develop an analysis which includes recommendations to the Board regarding the applicant's capability to enter into the long-term indebtedness. The analysis shall at a minimum include:
1. The scope, size and budget of the proposed project.
 2. Legal capability -- a summary of the applicant's authorization to enter into long-term indebtedness and to pledge the specified Dedicated Revenue Source for Repayment.
 3. Technical capability -- a summary of the applicant's ability to construct, operate and maintain the proposed project.
 4. Managerial capability -- a summary of the experience of elected officials and management team in managing similar organizations and similar projects.
 5. Financial capability -- a summary of the applicant's ability to repay the financial assistance. The summary shall include:
 - a. The amount of money collected through the dedicated revenue source for each of the previous three fiscal years.
 - b. An estimate of the amount of money that will be collected through the dedicated revenue source for the current fiscal year.
 - c. A projection of the amount of money that will be collected through the dedicated revenue source for each of the next five fiscal years.
 6. The applicant's compliance history, as applicable, to the Clean Water Act, 33 U.S.C. §§ 1251 to 1387, related Arizona statutes, and related rules, regulations, and policies.
 7. A summary of any previous assistance provided by the Authority to the applicant.
- B. The Board shall make a determination of the applicant's request for financial assistance at a public meeting based on the information provided in the application and the analysis prepared by the Authority. The Authority shall inform the applicant of the Board's determination, which may include recommended modifications to any of the following:
1. The proposed project.
 2. The applicant's legal structure and organization.
 3. The dedicated revenue source, and
 4. Any other modification to the structure of the financial assistance request.
- C. If the Board determines at any time during a funding cycle that funds are limited or are not available to provide financial assistance, the Authority shall notify applicants on the current Clean Water Revolving Fund Priority List that the Authority is no longer accepting applications. The Board shall determine the amount of funding available, if any, to provide financial assistance for the applications already accepted by the Authority. The Board shall consider each application in the order the project appears on the current Clean Water Revolving Fund Priority List. The Board shall make a determination as described in subsection (B) on each application until the available funds are committed.
- D. Upon Board approval of the applicant's request for financial assistance, the Authority shall prepare a financial assistance agreement for execution by the applicant and the Authority.

R18-15-208. Clean Water Revolving Fund Requirements

- ~~A. The Authority shall identify Clean Water Revolving Fund requirements applicable to each project pursuant to the Clean Water Act, 33 U.S.C. §§ 1251 to 1387.~~
- ~~B. If applicable, the applicant shall design a user charge system to produce adequate revenues for operation and maintenance, including replacement. The user charge system shall provide that a user discharging pollutants that cause an increase in the cost of managing the effluent or sludge from the treatment works shall pay proportionately for the increased cost. An applicant's user charge system, based on actual or estimated use of wastewater treatment services, shall provide that each user or user class pays its proportionate share of operation and maintenance, including replacement costs of treatment works within the applicant's service area, based on the user's proportionate contribution to the total wastewater loading from all users or user classes.~~
- ~~C. After a project is completed, the governmental unit shall use revenue from the project, including the sale of sludges, gases, liquids, crops, or revenue from leases, to offset the costs of operation and maintenance.~~

~~D.A.~~ The applicant shall certify that it has not violated any federal, state, or local law pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest, or other unlawful or corrupt practices relating to or in connection with facilities planning or design work on a wastewater treatment facility project.

~~E.B.~~ First use and equivalency All projects shall comply with the provisions of the Civil Rights Act of 1964, Pub.L. 88-352, 42 U.S.C. § 2000(a) to 2000h-6, and all other applicable federal laws.

ARTICLE 3. DRINKING WATER REVOLVING FUND

R18-15-301. Types of Financial Assistance Available Drinking Water Revolving Fund Financial Assistance Eligibility Criteria

- A. The Authority may use the Drinking Water Revolving Fund for any of the following purposes:
1. Financial assistance, which includes any of the following:
 - a. Financial assistance loan repayment agreements consistent with § 1452 (a)(2)(f) of the Safe Drinking Water Act, 42 U.S.C. § 300j 12.
 - b. The purchase or refinance of local debt obligations of political subdivisions that were incurred after July 1, 1993, if building began after that date.
 - c. The guarantee or purchase of insurance for local obligations to improve credit market access or reduce interest rates.
 - d. Security as a source of repayment of principal and interest on bonds issued by the Authority, provided that the net proceeds of the bonds are deposited in the fund.
 - e. Guarantees of debt obligations by governmental units, which are issued to finance eligible projects.
 2. Technical assistance loan repayment agreements.
 3. Investments to earn interest to be deposited into the fund.
 4. Payments of costs to administer the fund.
 5. Other uses authorized by the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j 25.
- B. The Authority shall describe projects and proposed financial assistance in the Drinking Water Revolving Fund Intended Use Plan, developed pursuant to R18-15-303.
- C. Pursuant to the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j 25, 15% of available Drinking Water Revolving Fund financial assistance shall be available solely for drinking water facilities serving fewer than 10,000 persons consistent with the requirements for financial assistance within Article 3. On an annual basis, if there are insufficient requests for Drinking Water Revolving Fund financial assistance from drinking water facilities serving fewer than 10,000 persons, the Authority, through its Board, may direct the remainder of the 15% to all other drinking water facilities requesting financial assistance consistent with the requirements within Article 3.

To be eligible to receive financial assistance from the Drinking Water Revolving Fund, the applicant shall demonstrate they are a Drinking Water Facility as defined by A.R.S. § 49-1201 requesting financial assistance for a purpose as defined in A.R.S. §49-1243(A); the proposed project is to plan, design, construct, acquire, improve a Drinking Water Facility or refinance an eligible Drinking Water Facility; and the proposed project appears on the Drinking Water Revolving Fund Priority List developed under R18-15-303.

R18-15-303. R18-15-302. Drinking Water Revolving Fund Intended Use Plan

- A. The Authority annually shall develop and publish an a Drinking Water Revolving Fund Intended Use Plan for each funding cycle in which it anticipates that it will provide financial assistance for eligible projects that identifies the intended uses of funds available in the Drinking Water Revolving Fund program. At a minimum, the The Intended Use Plan shall include a Priority List, a Fundable Range for Design Financial Assistance, and a Fundable Range for Construction Financial Assistance and shall identify the projects by eligible applicant, project name, type of project, type of financial assistance, amount of financial assistance, population served by the project, and estimated interest rates to be charged the list of projects submitted pursuant to R18-15-303. The Intended Use Plan shall be prepared after providing for public comment and review. If an Intended Use Plan is to be submitted as one of the documents required to obtain a grant under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-25, the Intended Use Plan shall include any additional information required by federal law.
- B. The Authority shall provide for a public review and written comment period of the draft Drinking Water Revolving Fund Intended Use Plan for a minimum period of 14 calendar days of the. The Authority shall summarize all written comments submitted and prepare responses for Board review. After review of the

comments and the Authorities' responses to comments received during the public review and written comment period, the Board shall adopt the Drinking Water Revolving Fund Intended Use Plan at a public meeting with any changes made in response to public comments.

R18-15-302. Eligibility Requirements for Financial Assistance

- ~~A. To be eligible to receive financial assistance an applicant shall be a drinking water facility as defined by A.R.S. § 49-1201. An applicant shall propose a project to: plan, design, construct, acquire, or improve a drinking water facility, or refinance an eligible drinking water facility.~~
- ~~B. A project eligible under subsection (A) shall also meet all of the following requirements before receiving financial assistance:~~
 - ~~1. The project shall appear on the Drinking Water Revolving Fund Priority List developed under R18-15-304.~~
 - ~~2. The applicant shall demonstrate legal capability under R18-15-103.~~
 - ~~3. The applicant shall demonstrate financial capability under R18-15-104.~~
 - ~~4. The applicant shall demonstrate technical capability under R18-15-105.~~
 - ~~5. The applicant shall demonstrate managerial and institutional capability under R18-15-106.~~
 - ~~6. The applicant shall demonstrate completion of the environmental review process under R18-15-107.~~
 - ~~7. The applicant shall obtain or be in the process of obtaining all permits and approvals required by federal, state, and local authorities.~~
- ~~C. The Authority, through its Board, shall provide financial assistance to eligible applicants for proposed projects in priority order according to the priority list developed under R18-15-304. If the Board determines that an applicant will not be able to proceed with a project in a manner consistent with the Drinking Water Revolving Fund Intended Use Plan, the Board shall bypass that project. The Board shall provide written notice to the applicant that the project has been bypassed. The Board shall replace the bypassed project with the next project on the Drinking Water Revolving Fund Priority List in rank order that is ready to accept financial assistance.~~

R18-15-303. Drinking Water Revolving Fund Priority List

- A. The Authority annually shall prepare a Drinking Water Revolving Fund Priority List as part of the Intended Use Plan described in R18-15-302. The Board may waive the requirement to develop an annual Drinking Water Revolving Fund Priority List if funds are not adequate to assist any projects or if the Board determines that no financial assistance will be offered for the annual funding cycle.
- B. An applicant pursuing financial assistance from the Authority for a project shall request to have the project included on the Drinking Water Revolving Fund Priority List. The applicant may request that multiple projects be placed on the Drinking Water Revolving Fund Priority List. An applicant shall make a request for placement of a project on the Drinking Water Revolving Fund Priority List on or before a date specified by the Authority and on an application format specified by the Authority. The Authority shall include with the project priority list request form the criteria under each ranking category, defined in R18-15-304(A), by which the project will be evaluated and the relative importance of each criteria.
- C. In preparation of the Drinking Water Revolving Fund Priority List, the Authority shall consider all project priority list requests submitted under subsection (B), all projects requested by regulatory authorities, and all plans prepared under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-25. The Authority shall evaluate the merits of the project with respect to water quality issues and determine the Priority Value of each project according to R18-15-304. At a minimum, the Drinking Water Revolving Fund Priority List shall identify:
 - 1. The applicant,
 - 2. Project title,
 - 3. Type of project,
 - 4. Population of service area,
 - 5. The amount requested for financial assistance,
 - 6. Estimated subsidy rate index,
 - 7. If the project is within the Fundable Range as defined in R18-15-305, and
 - 8. The rank of each project as determined by the priority value based on the ranking criteria pursuant to R18-15-304.
- D. After adoption of the annual Intended Use Plan and Drinking Water Revolving Fund Priority List pursuant to R18-15-302, the Board may allow:
 - 1. Updates and corrections to the adopted Drinking Water Revolving Fund Priority List, if the updates and corrections are approved by the Board after an opportunity for public comment at a public meeting.

2. Additions to the Drinking Water Revolving Fund Priority List, if the additions are approved by the Board after an opportunity for public comment at a public meeting.
- E.** After an opportunity for public comment at a public meeting, the Board may remove a project from the Drinking Water Revolving Fund Priority List under one or more of the following circumstances:
 1. The project received financial assistance as evidenced by a financial assistance agreement with the Authority.
 2. The project was financed with long-term indebtedness from another source.
 3. The project is no longer an eligible project.
 4. The applicant requests removal.
 5. The applicant is no longer an eligible applicant, or
 6. The applicant did not update, modify, correct or resubmit a project that remained on the priority list for greater than 365 days.

R18-15-304. Drinking Water Revolving Fund Priority List Drinking Water Revolving Fund Priority List Ranking

- ~~A. The Board shall adopt a Drinking Water Revolving Fund Priority List for the funding cycle described in the Intended Use Plan. The Board shall not adopt a new list for years where funds are not adequate to assist any projects.~~
- ~~B. If the Drinking Water Revolving Fund Priority List is required pursuant to subsection (A), the Authority shall rank the projects by priority points and the year the applicant requests project assistance.~~
- ~~C. An applicant, desiring placement on the Drinking Water Revolving Fund Priority List, shall make its request for placement of one or more proposed projects on or before a date specified by the Authority. If requesting placement on the Drinking Water Revolving Fund Priority List, an applicant shall submit information within an application format specified by the Authority.~~
- ~~D. The Authority shall prepare a draft Drinking Water Revolving Fund Priority List. In developing a draft Priority List, the Authority shall consider all requests submitted under subsection (B), all requests made by regulatory authorities, all plans prepared under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-25, and the most recently adopted Drinking Water Revolving Fund Priority List.~~
- ~~E. The Authority shall hold a public meeting to receive comments on the draft Priority List. The Authority shall publish a notice of the public meeting in newspapers statewide at least 14 days before the meeting date and make copies of the draft Drinking Water Revolving Fund Priority List available to the public at least 7 days before the meeting date.~~
- ~~F. The Authority shall consider all comments submitted in writing before the meeting, given orally at the meeting, submitted in writing at the meeting, or submitted subsequent to the meeting but before the close of the written comment period. The Authority shall establish a written comment period and shall publish the date upon which the comment period closes in the meeting notice. After the Authority summarizes the comments received and prepares responses, the Board shall adopt the final Drinking Water Revolving Fund Priority List.~~
- ~~G. The Board shall make additions to the final Drinking Water Revolving Fund Priority List if both of the following conditions are met:~~
 - ~~1. The project scores a minimum of 40 points under R18-15-307(C)(2); and~~
 - ~~2. The additions are made by the Board at a public meeting.~~
- ~~H. After an opportunity for public comment at a public meeting, the Board may make modifications to the Drinking Water Revolving Fund Priority List, based on changes in circumstances under R18-15-307(C)(2).~~
- ~~I. After an opportunity for public comment at a public meeting, the Board may remove a project from the Drinking Water Revolving Fund Priority List under one or more of the following circumstances:~~
 - ~~1. The project has received all financial assistance from the fund requested by the applicant,~~
 - ~~2. The project has been financed with long term indebtedness from another source,~~
 - ~~3. The project is no longer an eligible project,~~
 - ~~4. The applicant requests removal, or~~
 - ~~5. The applicant is no longer an eligible applicant.~~
- A.** The Authority shall rank each project listed on the Drinking Water Revolving Fund Priority List based on the Priority Value of each project. The Authority shall use the following categories when determining the Priority Value of each project:
 1. Current Conditions -- The Authority shall evaluate system compliance, deficiencies and capabilities, or the project's rank on the Department's Master Priority List.

2. Water System Improvement -- The Authority shall evaluate the project scope and how effectively it addresses the infrastructure needs of the water system, and if the applicant completed a Capacity Development Plan to the Department.
 3. Sustainability Index -- The Authority shall evaluate how effectively the project addresses any of the following:
 - a. Water Reuse and Conservation
 - b. Energy Use and Conservation and
 - c. Green Practices
 4. Consolidation and Regionalization -- The Authority shall evaluate the degree the project addresses any of the following:
 - a. Consolidation of facilities, operations, and ownership;
 - b. Extending service to existing areas currently served by another facility; or
 - c. A regional approach to operations, management or new facilities.
 5. Prior Year Funding -- The Authority shall evaluate if the project received assistance from the Authority in a previous funding cycle.
 6. Local Fiscal Capacity -- The Authority shall evaluate the financial impact of the project on the community.
- B.** If any of the projects have the same Priority Value, the Authority shall give priority to the project with the highest infrastructure need which is determined by adding the scores received for Current Condition and Water System Improvement categories. If projects continue to have the same Priority Value and infrastructure need, the Board shall determine the priority of the tied projects.
- C.** The Authority shall determine the subsidy rate index for each project on the Drinking Water Revolving Fund Priority List based on the applicant's Local Fiscal Capacity value and the overall Priority Value of the project and shall incorporate the subsidy rate index in the financial assistance agreement described in R18-105(A)(1).

R18-15-305. Ranking Criteria for the Drinking Water Revolving Fund Priority List Drinking Water Revolving Fund Fundable Range for Financial Assistance

- A.** The Authority, through its Board, shall rank projects using priority values obtained from the following formula:
 $PV = EC + PB + LFC$, where:
 PV = Priority Value
 EC = Existing Conditions
 PB = Project Benefits
 LFC = Local Fiscal Capacity
1. Existing Conditions (EC) -- The Authority shall award EC points up to a maximum of 200 points, using the following formula:
 $EC = CC + PYF$, where:
 CC = Current Conditions
 PYF = Prior Year Funding
- a. Current Conditions (CC) -- The Authority shall award CC points up to a maximum of 100 points as follows:
- i. 100 points if the applicant's system is at or above the 80th percentile of the community water systems on the Department's Master Priority List.
 - ii. 80 points if the applicant's system is at or above the 60th percentile but less than the 80th percentile of the community water systems on the Department's Master Priority List.
 - iii. 60 points if the applicant's system is at or above the 40th percentile but less than the 60th percentile of the community water systems on the Department's Master Priority List.
 - iv. 40 points if the applicant's system is at or above the 20th percentile but less than the 40th percentile of the community water systems on the Department's Master Priority List.
 - v. 20 points if the applicant's system is less than the 20th percentile of the community water systems on the Department's Master Priority List.
 - vi. 0 points if the applicant's system is not listed on the Department's Master Priority List.
- b. Prior Year Funding (PYF) -- The Authority shall award PYF points up to a maximum of 100 points with only 1 set of points awarded as follows:
- i. 100 points if the applicant requests additional financial assistance for a multi year construction project that received financial assistance from the Authority in a previous funding cycle.
 - ii. 80 points if the applicant requests financial assistance to construct a project that received pre-design or design financial or technical assistance from the Authority in a previous funding cycle.

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~~Authority shall use an average of the income areas to define the service area's median household income.~~

- ~~B. The Authority shall rank tied scores by placing the project with the lowest cost effectiveness ratio above all other tied projects.~~
- A. Prior to approval by the Board of the Clean Water Revolving Fund Priority List pursuant to R18-15-203, the Authority shall determine which projects are within the Fundable Range.
- B. In determining the Fundable Range the Authority shall evaluate each project for evidence that the project is prepared for implementation. The Authority shall consider any of the following indicators when evaluating if the project is within the Fundable Range:
 - 1. Evidence of debt authorization according to R18-15-104(B).
 - 2. Evidence that the applicant has obtained applicable local, state, or federal project permits, as applicable.
 - 3. Evidence of approved project plans and specifications.
 - 4. Evidence that the applicant has initiated the bid or solicitation process.

R18-15-306. Fundable Range for Drinking Water Revolving Fund Design Financial Assistance Drinking Water Revolving Fund Application for Financial Assistance

- ~~A. The Board shall adopt a Fundable Range for Design Financial Assistance based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for Design Financial Assistance for funding cycles in which funds are not adequate to assist any projects.~~
- ~~B. The Authority shall prepare a draft and a final Fundable Range for Design Financial Assistance at the same time and in the same manner as the Priority List in accordance with R18-15-304(D) through (F).~~
- ~~C. The Board shall rank projects within the Fundable Range for Design Financial Assistance based on priority values obtained from the Priority List, the year the applicant requires funding, and the receipt of a complete Design Finance Application.~~
- ~~D. The Board shall make additions to the Fundable Range for Design Financial Assistance if each of the following conditions are met:~~
 - ~~1. The project is on the Priority List,~~
 - ~~2. Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and~~
 - ~~3. The additions are made by the Board at a public meeting.~~
- ~~E. After an opportunity for public comment at a public meeting, the Board shall remove a project from the Fundable Range for Design Financial Assistance under one or more of the following circumstances:~~
 - ~~1. The project has been removed from the Priority List.~~
 - ~~2. The project has received all design financial assistance from the fund requested by the applicant.~~
 - ~~3. The applicant fails to proceed with the project.~~
- A. The Authority shall accept an application for financial assistance from an eligible applicant for a project that appears on the Drinking Water Revolving Fund Priority List and is determined to be in the Fundable Range. At the Authority's discretion, the Authority may accept applications for financial assistance prior to the project appearing on a Board approved Drinking Water Revolving Fund Priority List.
- B. The Authority shall not forward an application to the Board for consideration until all the following conditions are met:
 - 1. The project is on the Drinking Water Revolving Fund Priority List;
 - 2. The applicant has provided evidence that the project is in the Fundable Range;
 - 3. The applicant has demonstrated legal capability, financial capability, technical capability and managerial capability under R18-15-104; and
 - 4. The applicant has obtained or is in the process of obtaining all permits and approvals required by federal, state, and local authorities.
- C. The application criteria required under subsections (A) and (B) shall not apply to financial assistance requests for short-term emergency loans pursuant to A.R.S. §49-1269.

R18-15-307. Fundable Range for Drinking Water Revolving Fund Construction Financial Assistance Drinking Water Revolving Fund Application Review for Financial Assistance

- ~~A. The Board shall adopt a Fundable Range for Construction Financial Assistance based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for Construction Financial Assistance for funding cycles in which funds are not adequate to assist any projects.~~

- B. ~~The Authority shall prepare a draft and a final Fundable Range for Construction Financial Assistance at the same time and in the same manner as the Priority List in accordance with R18-15-304(D) through (F).~~
- C. ~~The Authority shall rank projects within the Fundable Range for Construction Financial Assistance based on priority values obtained from the following formula:
 $PV = MPLP + RP$, where:
 PV = Priority Value
 MPLP = Master Priority List Points
 RP = Readiness to Proceed~~
1. ~~The Authority shall award Priority List Points in accordance with R18-15-305.~~
 2. ~~Readiness to Proceed (RP) — The Authority shall award RP points for readiness for applicant to proceed with the project up to a maximum of 100 points as follows:~~
 - a. ~~40 points if the applicant has obtained debt authorization.~~
 - b. ~~30 points if the applicant has solicited the project for bidding.~~
 - c. ~~20 points if the applicant has the necessary plan and specification approvals.~~
 - d. ~~10 points if the applicant has completed the project design.~~
- D. ~~The Board shall make additions to the Fundable Range for Design Financial Assistance if each of the following conditions are met:~~
1. ~~The project is on the Priority List,~~
 2. ~~The project scores a minimum of 40 RP points under to R18-15-307(C)(2),~~
 3. ~~Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and~~
 4. ~~The additions are made by the Board at a public meeting.~~
- E. ~~After an opportunity for public comment at a public meeting, the Board shall remove a project from the Fundable Range for Construction Financial Assistance under one or more of the following circumstances:~~
1. ~~The project has been removed from the Priority List,~~
 2. ~~The project has received all construction financial assistance from the fund requested by the applicant, or~~
 3. ~~The applicant fails to proceed with the project.~~
- A.** The Authority shall evaluate and summarize each application received and develop an analysis which includes recommendations to the Board regarding the applicant's capability to enter into the long-term indebtedness. The analysis shall at a minimum include:
1. The scope, size and budget of the proposed project.
 2. Legal capability -- a summary of the applicant's authorization to enter into long-term indebtedness and to pledge the specified Dedicated Revenue Source for Repayment.
 3. Technical capability -- a summary of the applicant's ability to construct, operate and maintain the proposed project.
 4. Managerial capability -- a summary of the experience of elected officials and management team in managing similar organizations and similar projects.
 5. Financial capability -- the summary of the applicant's ability to repay the financial assistance. The summary shall include:
 - a. The amount of money collected through the dedicated revenue source for each of the previous three fiscal years.
 - b. An estimate of the amount of money that will be collected through the dedicated revenue source for the current fiscal year.
 - c. A projection of the amount of money that will be collected through the dedicated revenue source for each of the next five fiscal years.
 6. The applicant's compliance history, as applicable, to the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-25, related Arizona statutes, and related rules, regulations, and policies.
 7. A summary of any previous assistance provided by the Authority to the applicant.
- B.** The Board shall make a determination of the applicant's request for financial assistance at a public meeting based on the information provided in the application and the analysis prepared by the Authority. The Authority shall inform the applicant of the Board's determination, which may include recommended modifications to any of the following:
1. The proposed project,
 2. The applicant's legal structure and organization,
 3. The dedicated revenue source, or
 4. Any other modification to the structure of the financial assistance request.

- C. If the Board determines at any time during a funding cycle that funds are limited or are not available to provide financial assistance, the Authority shall notify applicants on the current Drinking Water Revolving Fund Priority List that the Authority is no longer accepting applications. The Board shall determine the amount of funding available, if any, to provide financial assistance for the applications already accepted by the Authority. The Board shall consider each application in the order the project appears on the current Drinking Water Revolving Fund Priority List. The Board shall make a determination as described in subsection (B) on each application until the available funds are committed.
- D. Upon Board approval of the applicant's request for financial assistance, the Authority shall prepare a financial assistance agreement for execution by the applicant and the Authority.

R18-15-308. Drinking Water Revolving Fund Requirements

- ~~A. The Authority shall identify Drinking Water Revolving Fund requirements applicable to each project under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-25.~~
- ~~B. If applicable, the applicant shall design a user charge system to produce adequate revenues for operation and maintenance, including replacement. An applicant's user charge system, based on actual or estimated use of the drinking water facilities, shall provide that each user or user class pays its proportionate share of operation and maintenance, including replacement costs of facilities within the applicant's service area, based on the user's proportionate use of the facilities.~~
- ~~C. The applicant shall certify that it has not violated any federal, state, or local law pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest, or other unlawful or corrupt practices relating to or in connection with facilities planning or design work on a project.~~

ARTICLE 4. OTHER FINANCIAL ASSISTANCE WATER SUPPLY DEVELOPMENT REVOLVING FUND

R18-15-401. Types of Financial Assistance Available Water Supply Development Revolving Fund Financial Assistance Eligibility Criteria

- ~~A. The Authority may issue Water Quality Bonds on behalf of eligible applicants for any of the following types of financial assistance:~~
- ~~1. Loans.~~
 - ~~2. The purchase or refinance of local debt obligations.~~
- ~~B. The Authority may guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates for eligible applicants.~~

To be eligible to receive financial assistance from the Water Supply Development Revolving Fund, the applicant shall demonstrate they are a water provider as defined by A.R.S. § 49-1201 requesting financial assistance for a purpose as defined in A.R.S. §49-1273(A); the water provider shall meet the requirements of A.R.S. § 49-1273(C); and the proposed project appears on the Water Supply Development Revolving Fund Priority List developed under R18-15-503.

R18-15-402. Eligibility Requirements for Financial Assistance Water Supply Development Revolving Fund Intended Use Plan

- ~~A. To be eligible to receive financial assistance, an applicant shall propose a project per the following:~~
- ~~1. Plan, design, construct, improve, acquire, or refinance a wastewater facility;~~
 - ~~2. Plan, design, construct, improve, acquire, or refinance a drinking water facility;~~
 - ~~3. Plan, design, construct, improve, acquire, or refinance a nonpoint source project.~~
- ~~B. A project eligible under subsection (A) shall also meet all of the following requirements prior to receiving financial assistance:~~
- ~~1. The applicant shall demonstrate legal capability pursuant to R18-15-103.~~
 - ~~2. The applicant shall demonstrate financial capability pursuant to R18-15-104.~~
 - ~~3. The applicant shall demonstrate technical capability pursuant to R18-15-105.~~
 - ~~4. The applicant shall demonstrate managerial and institutional capability pursuant to R18-15-106.~~
 - ~~5. The applicant shall demonstrate completion of the environmental review process pursuant to R18-15-107.~~
 - ~~6. The applicant shall demonstrate readiness to proceed pursuant to R18-15-108.~~
 - ~~7. The applicant shall obtain or be in the process of obtaining all applicable permits and approvals required by federal, state, and local authorities.~~

- A. The Authority annually shall develop and publish a Water Supply Development Revolving Fund Intended Use Plan that identifies the intended uses of funds available in the Water Supply Development Revolving Fund program. The Intended Use Plan shall include the list of projects submitted according to R18-15-403 and specify if funds are available to subsidize the projects.
- B. The Authority shall provide for a public review and written comment period of the draft Water Supply Development Revolving Fund Intended Use Plan for a minimum period of 14 calendar days. The Authority shall summarize all written comments submitted and prepare responses for Committee review. After review of the comments and the Authorities' responses to comments received during the public review and written comment period, the Committee shall adopt the Water Supply Development Revolving Fund Intended Use Plan at a public meeting with any changes made in response to public comments.

R18-15-403. Repealed. Water Supply Development Revolving Fund Priority List

- A. The Authority annually shall prepare a Water Supply Development Revolving Fund Priority List as part of the Intended Use Plan described in R18-15-402. The Committee may waive the requirement to develop an annual Water Supply Development Revolving Fund Priority List if funds are not adequate to assist any projects or if the Committee determines that no financial assistance will be offered for the annual funding cycle.
- B. An applicant pursuing financial assistance from the Authority for a water supply development project shall request to have the project included on the Water Supply Development Revolving Fund Priority List. The applicant may request that multiple projects be placed on the Water Supply Development Revolving Fund Priority List. An applicant shall make a request for placement of a project on the Water Supply Development Revolving Fund Priority List on or before a date specified by the Authority and on an application format specified by the Authority. The Authority shall include with the project priority list request form the criteria under each ranking category, defined in R18-15-404(A), by which the project will be evaluated and the relative importance of each criteria.
- C. In preparation of the Water Supply Development Revolving Fund Priority List, the Authority shall consider all project priority list requests submitted under subsection (B). The Authority shall evaluate the merits of the project with respect to water supply development issues and determine the Priority Value of each project according to R18-15-404. At a minimum, the Water Supply Development Revolving Fund Priority List shall identify:
 - 1. The Applicant.
 - 2. Project title.
 - 3. Type of project.
 - 4. Population of water provider's service area.
 - 5. The amount requested for financial assistance.
 - 6. The subsidy rate index as defined in R18-15-404(C).
 - 7. If the project is within the Fundable Range as defined in R18-15-405, and
 - 8. The rank of each project as determined by the Priority Value based on the ranking criteria pursuant to R18-15-404.
- D. After adoption of the annual Intended Use Plan and Water Supply Development Revolving Fund Priority List pursuant to R18-15-402, the Committee may allow:
 - 1. Updates and corrections to the adopted Water Supply Development Revolving Fund Priority List if the updates and corrections are approved by the Committee after an opportunity for public comment at a public meeting.
 - 2. Additions to the Water Supply Development Revolving Fund Priority List if the additions are approved by the Committee after an opportunity for public comment at a public meeting.
- E. After an opportunity for public comment at a public meeting, the Committee may remove a project from the Water Supply Development Revolving Fund Priority List under one or more of the following circumstances:
 - 1. The project received financial assistance as evidenced by a financial assistance agreement with the Authority.
 - 2. The project was financed with long-term indebtedness from another source.
 - 3. The project is no longer an eligible project.
 - 4. The applicant requests removal.
 - 5. The applicant is no longer an eligible applicant, or
 - 6. The applicant did not update, modify, correct or resubmit a project that remained on the Priority List for greater than 365 days.

R18-15-404. Water Supply Development Revolving Fund Priority List Ranking

- A.** The Authority shall rank each project listed on the Water Supply Development Revolving Fund Priority List based on the Priority Value of each project. The Authority shall use the following categories when determining the Priority Value of each project.
1. Water Demand -- The Authority shall evaluate the existing, near-term and long-term water demands of the water provider as compared to the existing water supplies of the water provider.
 2. Conservation and Water Management -- The Authority shall evaluate the existing and planned conservation and water management programs of the water provider.
 3. Benefits of the Project -- The Authority shall evaluate the current conditions of the water provider's facilities and evaluate how effectively the project will benefit the infrastructure or water supply needs.
 4. Sustainability Index -- The Authority shall evaluate the sustainability of the water supply to be developed through the project.
 5. Local Fiscal Capacity -- The Authority shall evaluate the water provider's need for financial assistance in order to implement and complete the project and the impact of the project on the community, including the cost effectiveness of the project.
- B.** If any of the projects have the same Priority Value, the Authority shall give priority to the project with the highest project benefit, which is determined by adding the scores received for Water Demand and Sustainability Index categories. If projects continue to have the same Priority Value and project benefit, the Committee shall determine the priority of the tied projects.
- C.** If monies are available to provide a subsidy to the project, the Authority shall determine the subsidy rate index for each project on the Water Supply Development Revolving Fund Priority List based on the applicant's Local Fiscal Capacity value and the overall Priority Value of the project. The Authority shall incorporate the subsidy rate index in the financial assistance agreement described in R18-105(A)(1).

R18-15-405. Water Supply Development Revolving Fund Fundable Range for Financial Assistance

- A.** Prior to approval by the Committee of the Water Supply Development Revolving Fund Priority List pursuant to R18-15-403, the Authority shall determine the Fundable Range for each project on the list.
- B.** In determining the Fundable Range the Authority shall evaluate each project for evidence that the project is prepared for implementation. The Authority shall consider any of the following indicators when evaluating if the project is within the Fundable Range:
1. Evidence of debt authorization according to R18-15-104(B).
 2. Evidence that the applicant has obtained applicable local, state, or federal project permits, as applicable.
 3. Evidence of approved project plans and specifications.
 4. Evidence that the applicant has initiated the bid or solicitation process.

R18-15-406. Water Supply Development Revolving Fund Application for Financial Assistance

- A.** The Authority shall accept an application for financial assistance from an eligible applicant for a project that appears on the Water Supply Development Revolving Fund Priority List and is determined to be in the Fundable Range. At the Authority's discretion, the Authority may accept applications for financial assistance prior to the project appearing on a Committee approved Water Supply Development Fund Priority List.
- B.** The Authority shall not forward an application for financial assistance to the Committee for consideration until all the following conditions are met:
1. The water supply development project has been prioritized.
 2. The applicant has provided evidence that the project is in the Fundable Range.
 3. The applicant has demonstrated legal capability, financial capability, technical capability and managerial capability under R18-15-104.
 4. The applicant has obtained or is in the process of obtaining all permits and approvals required by federal, state, and local authorities.
 5. The applicant has demonstrated the ability to meet any applicable environmental requirements imposed by federal or state agencies.

R18-15-407. Water Supply Development Revolving Fund Application Review for Financial Assistance

- A.** The Authority shall evaluate and summarize each application for financial assistance received and develop an analysis that includes recommendations to the Committee regarding the applicant's capability to enter into the long-term indebtedness. The analysis shall at a minimum include:
1. The scope, size and budget of the proposed project.

2. Legal capability -- a summary of the applicant's authorization to enter into long-term indebtedness and to pledge the specified Dedicated Revenue Source for Repayment.
 3. Technical capability -- a summary of the applicant's ability to construct, operate and maintain the proposed project.
 4. Managerial capability -- a summary of the experience of elected officials and management team in managing similar organizations and similar projects.
 5. Financial capability -- the summary of the applicant's ability to repay the financial assistance. The summary shall include:
 - a. The amount of money collected through the dedicated revenue source for each of the previous three fiscal years.
 - b. An estimate of the amount of money that will be collected through the dedicated revenue source for the current fiscal year.
 - c. A projection of the amount of money that will be collected through the dedicated revenue source for each of the next five fiscal years.
 6. A summary of any previous assistance provided by the Authority to the applicant.
 7. A summary of the applicant's ability meet any applicable environmental requirements imposed by federal or state agencies.
- B.** The Committee shall make a determination of the applicant's request for financial assistance at a public meeting based on the information provided in the application and the analysis prepared by the Authority. The Authority shall inform the applicant of the Committee's determination, which may include recommended modifications to any of the following:
1. The proposed project.
 2. The applicant's legal structure and organization.
 3. The dedicated revenue source, and
 4. Any other modification to the structure of the financial assistance request.
- C.** If the Committee determines at any time during a funding cycle that funds are limited or are not available to provide financial assistance, the Authority shall notify applicants on the current Water Supply Development Revolving Fund Priority List that the Authority is no longer accepting applications. The Committee shall determine the amount of funding available, if any, to provide financial assistance for the applications already accepted by the Authority. The Committee shall consider each application already accepted in the order the project appears on the current Water Supply Development Revolving Fund Priority List. The Committee shall make a determination as described in subsection (B) on each application until the available funds are committed.
- D.** Upon Committee approval of the applicant's request for financial assistance, the Authority shall prepare a financial assistance agreement for execution by the applicant and the Authority.

R18-15-408. Water Supply Development Revolving Fund Requirements

The applicant shall certify that it has not violated any federal, state, or local law pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest, or other unlawful or corrupt practices relating to or in connection with facilities planning or design work on a project.

ARTICLE 5. TECHNICAL ASSISTANCE PROGRAMS

R18-15-501. Technical Assistance Programs

The Authority may provide technical assistance under the Clean Water Technical Assistance Program, Drinking Water Technical Assistance Program and Water Supply Development Technical Assistance Program if funding is approved in the Technical Assistance Intended Use Plan according to R18-15-502.

R18-15-501. R18-15-502. Technical Assistance Intended Use Plan

- A.** The Authority annually shall develop and publish a Technical Assistance Intended Use Plan for each funding cycle in which it anticipates that it will fund technical assistance that identifies intended uses of technical assistance funds available for the Clean Water Technical Assistance Program, Drinking Water Technical Assistance Program, and Water Supply Development Technical Assistance Program. The Intended Use Plan shall identify if funds are available and the amount of funds available for Technical Assistance Grants, Staff

Assistance and Professional Assistance. The Authority may develop a Technical Assistance Intended Use Plan for each program separately or combine under one document. If the Technical Assistance Intended Use Plan is to be submitted as one of the documents required to obtain a federal grant, the Technical Assistance Intended Use Plan shall include any additional information required by federal law. At a minimum, the Technical Assistance Intended Use Plan shall include:

1. Descriptions of the types of technical assistance the Authority expects to fund including operational, policy, and project technical assistance;
2. Sources and uses of funds for technical assistance;
3. A Priority List for Clean Water Project Technical Assistance;
4. A Fundable Range for Clean Water Project Technical Assistance Grants;
5. A Fundable Range for Clean Water Project Technical Assistance Loans;
6. A Priority List for Drinking Water Project Technical Assistance;
7. A Fundable Range for Drinking Water Project Technical Assistance Grants; and
8. A Fundable Range for Drinking Water Project Technical Assistance Loans.

- B.** The Authority shall adopt provide for a public review and written comment period of the draft Technical Assistance Intended Use Plan after providing for public comment and review for a minimum period of 14 calendar days. The Authority shall summarize all written comments submitted and prepare responses. The Authority shall provide a summary of the written comments and the Authorities' responses regarding the Clean Water and Drinking Water Technical Assistance Intended Use Plans to the Board and provide a summary of the written comments and the Authorities' responses regarding the Water Supply Development Technical Assistance Intended Use Plan to the Committee. After review of the comments and the Authorities' responses to comments received during the public review and written comment period, the Board and Committee shall adopt the applicable Technical Assistance Intended Use Plan at a public meeting with any changes made in response to public comments.

R18-15-502. Eligibility Requirements for Project Technical Assistance

- A. To be eligible to receive project technical assistance, an applicant shall own or operate a drinking water or wastewater system or be a water provider with a water supply development project eligible for financial assistance under A.R.S. §§ 49-1223(A)(1), 49-1243(A)(1) or 49-1273(A)(2).
- B. A project eligible under subsection (A) shall also meet both of the following requirements:
1. Proposed project technical assistance will assist the system to achieve technical capability pursuant to R18-15-105, managerial and institutional capability pursuant to R18-15-106, or financial capability pursuant to R18-15-104; and
 2. Proposed drinking water or waste water project technical assistance will facilitate the design, construction, acquisition, improvement, or consolidation of a drinking water or wastewater system.
- C. The Authority shall provide project technical assistance to eligible applicants in priority order according to the priority lists developed pursuant to this Article.

R18-15-503. Types of Project Technical Assistance Available Clean Water Technical Assistance Grants

The Authority may award project technical assistance in any one or a combination of the following forms:

1. Project technical assistance grants to local units of government for drinking water or waste water systems. If consultants are required to complete the project technical assistance, the grant agreement shall specify that the local unit of government is required to select and pay consultants in accordance with applicable procurement requirements.
 2. Consultants selected and paid by the Authority to provide project technical assistance on behalf of the recipient of the project technical assistance award.
 3. Project technical assistance loans subject to terms and conditions approved by the Board.
- A.** Technical Assistance Grants to a specific wastewater system shall assist that system to achieve or enhance its legal, financial, technical, or managerial capability in accordance with R18-15-104, to facilitate the design, construction, acquisition, improvement, or consolidation of a wastewater system. The Board shall approve funds available for Technical Assistance Grants in the annual Clean Water Technical Assistance Intended Use Plan. The Board may waive funding if funds are not adequate to provide assistance or if the Board determines that no assistance will be offered for the annual funding cycle.
- B.** To be eligible to receive a Technical Assistance Grant under the Clean Water Technical Assistance Program, the grant applicant shall demonstrate they are a governmental unit that owns or operates a wastewater system, or a non-governmental unit requesting technical assistance specifically for the purpose of forming a political

subdivision, and serve a population of less than 50,000 persons; or serve a population of less than 500,000 persons if the grant applicant is a county.

- C.** An eligible grant applicant shall make a request for a Technical Assistance Grant on or before a date specified by the Authority and on an application format specified by the Authority. A grant applicant shall commit to a 50% local match towards the grant award. Local match can include cash contributions, in-kind contributions, contributions financed by loans or debt from any source including a loan from the Authority. The Board may waive or modify the grant applicant's contribution for the grant award if the Board determines, at a public meeting, that the grant applicant is unable to fund the contribution.
- D.** The Authority shall solicit and award Technical Assistance Grants in accordance with A.R.S. § 41-2702. The Authority shall prepare and issue a request for grant applications that includes at least the following:
1. A description of the nature of the grant project, including the scope of the work to be performed by an awardee.
 2. An identification of the funding source and the total amount of available funds.
 3. Whether a single award or multiple awards may be made.
 4. Encouragement of collaboration by entities for community partnerships, if appropriate.
 5. Any additional information required by the applications.
 6. The criteria or factors under which applications will be evaluated for award and the relative importance of each criteria or factor.
 7. The due date for submittal of applications and the anticipated time the awards may be made.
- E.** The Authority shall evaluate the grant applications submitted to determine which projects are eligible under the Clean Water Act, 33 U.S.C. §§1381 to 1387. Eligible grant applications shall specify a demonstrated need of the grant applicant for assistance in securing future financial assistance for development and implementation of a wastewater capital improvement project. The Authority shall evaluate the demonstrated need pursuant to subsection (D)(6) using the following categories, listed in order of relative importance:
1. Financial Capacity – The Authority shall consider the revenue sufficiency, credit worthiness and fiscal controls of the wastewater system.
 2. Technical Capacity – The Authority shall consider system compliance, current system conditions, and project benefits associated with the proposed capital improvement project.
 3. Managerial Capacity – The Authority shall consider the grant applicant's ability to effectively operate and manage a wastewater system.
 4. Legal Capacity – The Authority shall consider any actions required for the grant applicant to achieve debt authorization, obtain legal status as a governmental unit, or other necessary legal assistance.
- F.** The Authority shall determine Technical Assistance Grant awards based on the amount of funding available. If funding is limited, all eligible projects may not be funded. The Authority shall provide the Technical Assistance Grant award recommendations to the Board for review and approval at a public meeting. The Board may affirm, modify or reject the Authority's recommendations in whole or in part.
- G.** Within 30 days after the adoption of the Technical Assistance Grant awards at a public meeting, the Authority shall notify all grant applicants whether or not they received an award.
- H.** An unsuccessful grant applicant may submit an appeal in accordance with A.R.S. Title 41, Chapter 24.
- I.** The Authority and the grant applicant shall enter into a technical assistance grant agreement that shall include at a minimum:
1. A scope of work,
 2. The amount of the grant awarded,
 3. The amount of the local match required,
 4. A final project budget and timeline, and
 5. Reporting requirements.
- J.** Project costs incurred prior to a technical assistance grant agreement being executed shall not be eligible.
- K.** The Authority shall honor disbursement requests if the disbursements are consistent with the technical assistant grant agreement and the disbursement schedule agreed to by both parties at the beginning of the contract, or the amended schedule based upon prior Authority approval.
1. The grant applicant shall request each disbursement request on the forms provided by the Authority. Each disbursement request shall include a certification and signature document, a cost-incurred report, and a MBE, WBE, SBRA report. The Authority shall not process a disbursement until the applicant provides a completed disbursement form.
 2. The grant applicant shall include copies of invoices, canceled checks, or other documents that show proof of payment with each disbursement request.

R18-15-504. Clean Water Project Technical Assistance Priority List Drinking Water Technical Assistance Grants

- ~~A. The Board shall adopt the Clean Water Project Technical Assistance Priority List for the funding cycle described in the Technical Assistance Intended Use Plan. The Board shall not adopt a list for a funding cycle in which funds are not adequate to assist any projects.~~
- ~~B. If the Clean Water Project Technical Assistance Priority List is required pursuant to subsection (A), the Authority shall rank the projects by priority points and the year the applicant requests project technical assistance.~~
- ~~C. An applicant seeking placement on the Clean Water Project Technical Assistance Priority List shall make a request for placement of one or more proposed projects on or before a date specified by the Authority. If requesting placement on the Clean Water Project Technical Assistance Priority List, an applicant shall submit an application specified by the Authority.~~
- ~~D. The Authority shall prepare a draft Clean Water Project Technical Assistance Priority List and shall hold at least one public meeting to receive comments on the list and make copies of the draft list available to the public at least seven days before the meeting date.~~
- ~~E. The Authority shall consider all comments given orally at the public meeting or submitted in writing before the close of the written comment period. The Authority shall establish a written comment period and shall publish the date upon which the comment period closes in the meeting notice. After the Authority summarizes the comments received and prepares responses, the Board shall adopt the final Clean Water Project Technical Assistance Priority List.~~
- ~~F. Throughout the funding cycle, the Board shall make additions after the adoption of the final Clean Water Project Technical Assistance Priority List if each of the following conditions are met:
 - ~~1. The project scores a minimum of 50 points under R18-15-505(A)(1).~~
 - ~~2. The additions are made at a public meeting of the Board.~~~~
- ~~G. After an opportunity for public comment at a public meeting, the Board may make modifications to the Clean Water Project Technical Assistance Priority List based on changes to existing conditions pursuant to R18-15-505(A)(1).~~
- ~~H. After an opportunity for public comment at a public meeting of the Board, the Board may remove a project from the Clean Water Project Technical Assistance Priority List under one or more of the following circumstances:
 - ~~1. The applicant has completed the technical assistance project,~~
 - ~~2. The project is no longer an eligible project,~~
 - ~~3. The applicant requests removal, or~~
 - ~~4. The applicant is no longer an eligible applicant.~~~~
- ~~I. The Authority shall provide clean water project technical assistance to eligible applicants for proposed projects in priority order according to the Clean Water Project Technical Assistance Priority List developed pursuant to this Section. If the Authority determines that an applicant will not be able to proceed with a project, the Board shall bypass that project. The Authority shall provide written notice to the applicant that the project has been bypassed. The Authority shall replace the bypassed project with the next project on the Clean Water Project Technical Assistance Priority List in rank order that is ready to accept technical assistance.~~
- A. Technical Assistance Grants to a specific Drinking Water Facility shall assist that facility to achieve or enhance its legal, financial, technical, or managerial capability in accordance with R18-15-104, to facilitate the design, construction, acquisition, improvement, or consolidation of a Drinking Water Facility. The Board shall approve funds available for Technical Assistance Grants in the annual Drinking Water Technical Assistance Intended Use Plan. The Board may waive funding if funds are not adequate to provide assistance or if the Board determines that no assistance will be offered for the annual funding cycle.
- B. To be eligible to receive a Technical Assistance Grant under the Drinking Water Technical Assistance Program, the grant applicant shall demonstrate they own or operate a Drinking Water Facility as defined in A.R.S. § 49-1201 and serve a population of less than 50,000 persons; or serve a population of less than 500,000 persons if the grant applicant is a county.
- C. An eligible grant applicant shall make a request for a Technical Assistance Grant on or before a date specified by the Authority and on an application format specified by the Authority. A grant applicant shall commit to a 50% non-federal local match towards the grant award. The non-federal local match can include cash contributions, in-kind contributions, contributions financed by loans or debt from any source including a loan

from the Authority. The Board may waive or modify the grant applicant's contribution for the grant award if the Board determines, at a public meeting, that the grant applicant is unable to fund the contribution.

- D.** The Authority shall solicit and award Technical Assistance Grants in accordance with A.R.S. § 41-2702. The Authority shall prepare and issue a request for grant applications that includes at least the following:
1. A description of the nature of the grant project, including the scope of the work to be performed by an awardee.
 2. An identification of the funding source and the total amount of available funds.
 3. Whether a single award or multiple awards may be made.
 4. Encouragement of collaboration by entities for community partnerships, if appropriate.
 5. Any additional information required by the applications.
 6. The criteria or factors under which applications will be evaluated for award and the relative importance of each criteria or factor.
 7. The due date for submittal of applications and the anticipated time the awards may be made.
- E.** The Authority shall evaluate the grant applications submitted to determine which projects are eligible under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-25. Eligible grant applications shall specify a demonstrated need of the grant applicant for assistance in securing future financial assistance for development and implementation of a drinking water capital improvement project. The Authority shall evaluate the demonstrated need pursuant to subsection (D)(6) using the following categories, listed in order of relative importance:
1. Financial Capacity – The Authority shall consider the revenue sufficiency, credit worthiness and fiscal controls of the Drinking Water Facility.
 2. Technical Capacity – The Authority shall consider facility compliance, current facility conditions and project benefits associated with the proposed capital improvement project.
 3. Managerial Capacity – The Authority shall consider the applicants ability to effectively operate and manage a Drinking Water Facility.
 4. Legal Capacity – The Authority shall consider any actions required for the grant applicant to achieve debt authorization or other necessary legal assistance.
- F.** The Authority shall determine Technical Assistance Grant awards based on the amount of funding available. If funding is limited, all eligible projects may not be funded. The Authority shall provide the Technical Assistance Grant award recommendations to the Board for review and approval at a public meeting. The Board may affirm, modify or reject the Authority's recommendations in whole or in part.
- G.** Within 30 days after the adoption of the Technical Assistance Grant awards at a public meeting, the Authority shall notify all grant applicants whether or not they received an award.
- H.** An unsuccessful grant applicant may submit an appeal in accordance with A.R.S. Title 41, Chapter 24.
- I.** The Authority and the grant applicant shall enter into a technical assistance grant agreement that shall include at a minimum:
1. A scope of work.
 2. The amount of the grant awarded.
 3. The amount of the local match required.
 4. A final project budget and timeline, and
 5. Reporting requirements.
- J.** Project costs incurred prior to a technical assistance grant agreement being executed shall not be eligible.
- K.** The Authority shall honor disbursement requests if the disbursements are consistent with the technical assistant grant agreement and the disbursement schedule agreed to by both parties at the beginning of the contract, or the amended schedule based upon prior Authority approval.
1. The grant applicant shall request each disbursement request on the forms provided by the Authority. Each disbursement request shall include a certification and signature document, a cost-incurred report, and a MBE, WBE, SBRA report. The Authority shall not process a disbursement until the applicant provides a completed disbursement form.
 2. The grant applicant shall include copies of invoices, canceled checks, or other documents that show proof of payment with each disbursement request.

R18-15-505. Ranking Criteria for Clean Water Project Technical Assistance Priority List Water Supply Development Technical Assistance Grants

- A.** The Authority, through its Board, shall rank projects using priority values obtained from the following formula:
 $PV = EC + PB + LFC$, where:
 $PV = \text{Priority Value}$

EC = Existing Conditions

PB = Project Benefits

LFC = Local Fiscal Capacity

1. Existing Conditions (EC) — The Authority shall award EC points up to a maximum of 200 points using the following formula:

$EC = CC + PYF$, where:

CC = Current Conditions

PYF = Prior Year Funding

- a. Current Conditions (CC) — The Authority shall award CC points up to a maximum of 100 points using only one of the following categories:

- i. Surface Water Pollution (Sewerage Facilities):

- (1) 100 points if the project corrects a sewer overflow.
- (2) 80 points if the project corrects a wastewater treatment facility non-compliance.
- (3) 60 points if the project corrects excessive inflow and infiltration.
- (4) 40 points if the project repairs a lift or pump station.

- ii. Untreated or Uncontrolled Runoff (shown to be polluting either surface or ground water):

- (1) 100 points if the project constructs or repairs a stormwater treatment or management facility.
- (2) 80 points if the project implements agricultural best management practices.
- (3) 60 points if the project involves landfill capping.
- (4) 40 points if the project is non-traditional.

- iii. Groundwater Pollution

- (1) 100 points if the project corrects onsite wastewater systems shown to be polluting either surface or ground water.
- (2) 50 points if the project corrects surface or ground water pollution from sources other than onsite wastewater systems.

- b. Prior Year Funding (PYF) — The Authority shall award PYF points up to a maximum of 100 points with only one set of points awarded as follows:

- i. 100 points if the applicant requests project technical assistance to design a project that received pre-design project technical assistance from the Authority in a previous funding cycle.
- ii. 50 points if the applicant requests additional technical assistance to offset actual costs or justified overruns.

2. Project Benefits (PB) — For requests for pre-design project technical assistance the Authority shall award PB points up to a maximum of 200 points as follows:

- a. 200 points if the project receives a combined score of 160 to 200 points for Current Conditions pursuant to R18-15-505(A)(1) and Local Fiscal Capacity pursuant to R18-15-505(A)(4).
- b. 150 points if the project receives a combined score of 120 to 159 points for Current Conditions pursuant to R18-15-505(A)(1) and Local Fiscal Capacity pursuant to R18-15-505(A)(4).
- c. 100 points if the project receives a combined score of 80 to 119 points for Current Conditions pursuant to R18-15-505(A)(1) and Local Fiscal Capacity pursuant to R18-15-505(A)(4).
- d. 50 points if the project receives a combined score of 40 to 79 points for Current Conditions pursuant to R18-15-505(A)(1) and Local Fiscal Capacity pursuant to R18-15-505(A)(4).
- e. 0 points if the project receives a combined score of fewer than 40 points for Current Conditions pursuant to R18-15-505(A)(1) and Local Fiscal Capacity pursuant to R18-15-505(A)(4).

3. Project Benefits (PB) — For requests for design project technical assistance, the Authority shall award points up to a maximum of 200 points using the following formula:

$PB = WQI + CI + CR$, where:

WQI = Water Quality Improvement

CI = Conservation Index

CR = Consolidation & Regionalization

- a. Water Quality Improvement (WQI) — The Authority shall award WQI points up to a maximum of 100 points from a combination of Surface Water Restoration and Surface Water Protection or a maximum of 100 points from Groundwater Protection as follows:

- i. Surface Water Restoration

- (1) 50 points if the project benefits a current Total Maximum Daily Load Implementation Plan.
- (2) 40 points if the project benefits the development of a Total Maximum Daily Load Implementation Plan.

- (3) 30 points if the project benefits a future Total Maximum Daily Load Implementation Plan.
- (4) 20 points if the project indirectly addresses a Total Maximum Daily Load Implementation Plan.
- (5) 10 bonus points if the project benefits a project funded by a Water Quality Improvement Grant from the Department.
- ii. Surface Water Protection
 - (1) 50 points if the project benefits a waterbody identified by the Department as not supporting its designated use.
 - (2) 40 points if the project benefits a waterbody identified by the Department as in partial support of its designated use.
 - (3) 30 points if the project benefits a waterbody by the Department as in full support of its designated use.
 - (4) 10 bonus points to projects that address a regional or local watershed plan to benefit water quality.
- iii. Groundwater Protection
 - (1) 100 points if the project benefits a wellhead protection area for a community water system well.
 - (2) 75 points if the project benefits groundwater not meeting aquifer water quality standards.
 - (3) 50 points if the project benefits groundwater meeting aquifer water quality standards.
- b. Conservation Index (CI) — The Authority shall award Conservation Index points up to a maximum of 50 points as follows:
 - i. 50 points if the project will generate Class A+ reclaimed water for direct reuse.
 - ii. 40 points if the project will generate Class A reclaimed water for direct reuse.
 - iii. 30 points if the project will generate Class B+ reclaimed water for direct reuse.
 - iv. 20 points if the project will generate Class B reclaimed water for direct reuse.
 - v. 10 points if the project will generate Class C reclaimed water for direct reuse.
 - vi. 0 points if the project will not generate reclaimed water for direct reuse.
- e. Consolidation & Regionalization (CR) — The Authority shall award CR points up to a maximum of 50 points as follows:
 - i. 20 points if the applicant is consolidating the physical facilities of existing multiple facilities.
 - ii. 20 points if the applicant is extending service to existing areas currently served by another facility.
 - iii. 5 points if the applicant is consolidating the operations of existing multiple facilities.
 - iv. 5 points if the applicant is consolidating the ownership of existing multiple facilities.
- 4. Local Fiscal Capacity (LFC) — The Authority shall award LFC points up to a maximum of 100 points using the following formula:

$$LFC = MHI + UF + I$$
 where:
 LFC = Local Fiscal Capacity
 MHI = Median Household Income
 UF = User Fees
 I = Indebtedness
 - a. Median Household Income (MHI) — The Authority shall divide the MHI from the area served by the applicant by the state's MHI (Service Area MHI/State MHI) to award points as follows:
 - i. 40 points if the area's MHI is less than 40% of the State's MHI.
 - ii. 30 points if the area's MHI is greater than or equal to 40% but less than 60% of the State's MHI.
 - iii. 20 points if the area's MHI is greater than or equal to 60% but less than 80% of the State's MHI.
 - iv. 10 points if the area's MHI is greater than or equal to 80% but less than 100% of the State's MHI.
 - v. 0 points if the area's MHI is greater than or equal to 100% of the State's MHI.
 - b. User Fees (UF) — The Authority shall divide the applicant's proposed residential user fees, rates, and charges by the service area's MHI (Proposed User Fees, Rates and Charges/Area MHI) to award points as follows:
 - i. 30 points if the rates are more than 1.5% of the area's MHI.
 - ii. 15 points if the rates are from 1% to 1.5% of the area's MHI.
 - iii. 0 points if the rates are less than 1% of the area's MHI.
 - c. Indebtedness (I) — The Authority shall divide existing indebtedness and proposed indebtedness by the number of users (Indebtedness/Number of Users) and divide the result by the service area's MHI to award points as follows:

- i. 30 points if the existing and proposed indebtedness is more than 1% of the area's MHI.
 - ii. 15 points if the existing and proposed indebtedness is from .5% to 1% of the area's MHI.
 - iii. 0 points if the existing and proposed indebtedness is less than .5% of the area's MHI.
- d. The Authority may use the most recent United States census data to determine the applicant's and the state's median household income. If the Authority or the applicant determines that this data is insufficient, the applicant shall use a reliable and impartial entity to conduct an income survey of the applicant's service area. If the applicant's service area is included in more than one income area, the Authority shall use an average of income areas to define the service area's median household income.
- B. The Authority shall rank tied scores by placing the project with the highest Local Fiscal Capacity points pursuant to R18-15-505(A)(4) above all other tied projects.
- A. Technical Assistance Grant funding to a water provider shall assist that the water provider to achieve or enhance its legal, financial, technical, or managerial capability in accordance with R18-15-104 to facilitate the design, construction, acquisition, improvement, or consolidation of a water supply development project. A single Technical Assistance Grant award shall not exceed \$100,000. The Committee shall approve funds available for Technical Assistance Grants in the annual Water Supply Development Technical Assistance Intended Use Plan. The Committee may waive funding if funds are not adequate to provide assistance or if the Committee determines that no assistance will be offered for the annual funding cycle.
- B. To be eligible to receive a Technical Assistance Grant under the Water Supply Development Technical Assistance Program, the grant applicant shall demonstrate it is a water provider as defined in A.R.S. § 49-1201 and meet the requirements of A.R.S. § 49-1273(C).
- C. An eligible grant applicant shall make a request for a Technical Assistance Grant on or before a date specified by the Authority and on an application format specified by the Authority. A grant applicant shall commit to a 50% local match towards the grant award. Local match can include cash contributions, in-kind contributions, contributions financed by loans or debt from any source including a loan from the Authority. The Committee may waive or modify the grant applicant's contribution for the grant award if the Committee determines, at a public meeting, that the grant applicant is unable to fund the contribution.
- D. The Authority shall solicit and award Technical Assistance Grants in accordance with A.R.S. § 41-2702. The Authority shall prepare and issue a request for grant applications that includes at least the following:
 - 1. A description of the nature of the grant project, including the scope of the work to be performed by an awardee.
 - 2. An identification of the funding source and the total amount of available funds.
 - 3. Whether a single award or multiple awards may be made.
 - 4. Encouragement of collaboration by entities for community partnerships, if appropriate.
 - 5. Any additional information required by the applications.
 - 6. The criteria or factors under which applications will be evaluated for award and the relative importance of each criteria or factor.
 - 7. The due date for submittal of applications and the anticipated time the awards may be made.
- E. The Authority shall evaluate the grant applications submitted to determine which projects are eligible. Eligible grant applications shall specify a demonstrated need of the grant applicant for assistance in securing future financial assistance for development and implementation of a water supply capital improvement project. The Authority shall evaluate the demonstrated need pursuant to subsection (D)(6) using the following categories, listed in order of relative importance:
 - 1. Financial Capacity – The Authority shall consider the revenue sufficiency, credit worthiness and fiscal controls of the water provider.
 - 2. Technical Capacity – The Authority shall consider the water provider's current water supply deficiencies, ability to meet any applicable regulatory requirements and the project benefits and water supply development needs associated with the proposed capital improvement project.
 - 3. Managerial Capacity – The Authority shall consider the applicants ability to effectively manage a water supply development project.
 - 4. Legal Capacity – The Authority shall consider any actions required for the grant applicant to achieve debt authorization or other necessary legal assistance.
- F. The Authority shall determine Technical Assistance Grant awards based on the amount of funding available. If funding is limited, all eligible projects may not be funded. The Authority shall provide the Technical Assistance Grant award recommendations to the Committee for review and approval at a public meeting. The Committee may affirm, modify or reject the Authority's recommendations in whole or in part.

- G. Within 30 days after the adoption of the Technical Assistance Grant awards at a public meeting, the Authority shall notify all grant applicants whether or not they received an award.
- H. An unsuccessful grant applicant may submit an appeal in accordance with A.R.S. Title 41, Chapter 24.
- I. The Authority and the grant applicant shall enter into a technical assistance grant agreement that shall include at a minimum:
 - 1. A scope of work,
 - 2. The amount of the grant awarded,
 - 3. The amount of the local match required,
 - 4. A final project budget and timeline, and
 - 5. Reporting requirements.
- J. Project costs incurred prior to a technical assistance grant agreement being executed shall not be eligible.
- K. The Authority shall honor disbursement requests if the disbursements are consistent with the technical assistance grant agreement and the disbursement schedule agreed to by both parties at the beginning of the contract, or the amended schedule based upon prior Authority approval.
 - 1. The applicant shall request each disbursement request on the forms provided by the Authority. Each disbursement request shall include a certification and signature document, a cost-incurred report, and a MBE, WBE, SBRA report. The Authority shall not process a disbursement until the applicant provides a completed disbursement form.
 - 2. The applicant shall include copies of invoices, canceled checks, or other documents that show proof of payment with each disbursement request.

R18-15-506. Fundable Range for Clean Water Project Technical Assistance Grants

- A. The Board shall adopt a Fundable Range for Clean Water Project Technical Assistance Grants based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for funding cycles in which funds are not adequate to assist any projects.
- B. The Authority shall prepare a draft and a final Fundable Range at the same time and in the same manner as the Priority List for Clean Water Project Technical Assistance in accordance with R18-15-504(D) and (E).
- C. The Board shall rank projects within the Fundable Range based on priority values obtained from the Priority List for Clean Water Project Technical Assistance and the year the applicant requires funding. The Fundable Range addressed by this Section is limited to systems serving fewer than 10,001 people.
- D. As a guide to award project technical assistance grants or consultant contributions, the Board may require applicants to contribute to fund total project costs as follows, based on ability to contribute:
 - 1. 25% contribution towards total project costs if the project received 70 or more points for Local Fiscal Capacity pursuant to R18-15-505(A)(4).
 - 2. 50% contribution towards total project costs if the project received fewer than 70 but at least 50 points for Local Fiscal Capacity pursuant to R18-15-505(A)(4).
 - 3. 75% contribution towards total project costs if the project received fewer 50 but at least 30 points for Local Fiscal Capacity pursuant to R18-15-505(A)(4).
 - 4. If the applicant receives fewer than 30 points for Local Fiscal Capacity pursuant to R18-15-505(A)(4), the applicant may still be eligible for a project technical assistance loan under R18-15-507.
 - 5. An applicant's contribution can include cash contributions, in-kind contributions, and contributions financed by loans or debt from any source including a loan from the Authority. The Board may waive or modify the applicant's contribution for total project costs if the Board determines, at a public meeting, that the applicant is unable to fund the contribution in accordance with this subsection.
- E. The Board shall make additions to the Fundable Range if each of the following conditions are met:
 - 1. The project is on the Priority List for Clean Water Project Technical Assistance,
 - 2. Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and
 - 3. The additions are made by the Board at a public meeting.
- F. After an opportunity for public comment at a public meeting, the Board shall remove a project from the Fundable Range under one or more of the following circumstances:
 - 1. The project has been removed from the Priority List for Clean Water Project Technical Assistance,
 - 2. The project has received all technical assistance requested by the applicant, or
 - 3. The applicant fails to proceed with the project.

~~R18-15-507. Fundable Range for Clean Water Project Technical Assistance Loans~~

- ~~A. The Board shall adopt a Fundable Range for Clean Water Project Technical Assistance Loans based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for funding cycles in which funds are not adequate to assist any projects.~~
- ~~B. The Authority shall prepare a draft and a final Fundable Range at the same time and in the same manner as the Priority List for Clean Water Project Technical Assistance in accordance with R18-15-504(D) and (E).~~
- ~~C. The Authority shall rank projects within the Fundable Range based on priority values obtained from the Priority List for Clean Water Project Technical Assistance and the year the applicant requires funding.~~
- ~~D. The Authority shall only provide project technical assistance loans to applicants eligible under this Section.~~
- ~~E. The Board shall make additions to the Fundable Range if each of the following conditions are met:
 - ~~1. The project is on the Priority List for Clean Water Project Technical Assistance,~~
 - ~~2. Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and~~
 - ~~3. The additions are made by the Board at a public meeting.~~~~
- ~~F. After an opportunity for public comment at a public meeting, the Board shall remove a project from the Fundable Range under one or more of the following circumstances:
 - ~~1. The project has been removed from the Priority List for Clean Water Project Technical Assistance,~~
 - ~~2. The project has received all technical assistance requested by the applicant, or~~
 - ~~3. The applicant fails to proceed with the project.~~~~

~~R18-15-508. Drinking Water Project Technical Assistance Priority List~~

- ~~A. The Board shall adopt a Drinking Water Project Technical Assistance Priority List for the funding cycle described in the Technical Assistance Intended Use Plan. The Board shall not adopt a list for a funding cycle in which funds are not adequate to assist any projects.~~
- ~~B. If a Drinking Water Project Technical Assistance Priority List is required under subsection (A), the Authority shall rank the projects by priority points and the year the applicant requests project technical assistance.~~
- ~~C. An applicant seeking placement on the Drinking Water Project Technical Assistance Priority List shall make a request for placement of one or more proposed projects on or before a date specified by the Authority. If requesting placement on the Drinking Water Project Technical Assistance Priority List, an applicant shall submit an application specified by the Board.~~
- ~~D. The Authority shall prepare a draft Drinking Water Project Technical Assistance Priority List and shall hold at least one public meeting to receive comments on the list and make copies of the draft list available to the public at least seven days before the meeting date.~~
- ~~E. The Authority shall consider all comments given orally at the public meeting or submitted in writing before the close of the written comment period. The Authority shall establish a written comment period and shall publish the date upon which the comment period closes in the meeting notice. After the Authority summarizes the comments received and prepares responses, the Board shall adopt the final Drinking Water Project Technical Assistance Priority List.~~
- ~~F. Throughout the funding cycle, the Board shall make additions after the adoption of the final Drinking Water Project Technical Assistance Priority List if both of the following conditions are met:
 - ~~1. The project scores a minimum of 50 points pursuant to R18-15-509(A)(1), and~~
 - ~~2. The additions are made at a public meeting of the Board.~~~~
- ~~G. After an opportunity for public comment at a public meeting, the Board may make modifications to the Drinking Water Project Technical Assistance Priority List based on changes to the existing conditions under R18-15-509(A)(1).~~
- ~~H. After an opportunity for public comment at a public meeting of the Board, the Board shall remove a project from the Drinking Water Project Technical Assistance Priority List under one or more of the following circumstances:
 - ~~1. The applicant has completed the technical assistance project,~~
 - ~~2. The project is no longer an eligible project,~~
 - ~~3. The applicant requests removal, or~~
 - ~~4. The applicant is no longer an eligible applicant.~~~~
- ~~I. The Authority shall provide project technical assistance to eligible applicants for proposed projects in priority order according to the Drinking Water Project Technical Assistance Priority List developed under this Section. If the Authority determines that an applicant will not be able to proceed with a project, the Board shall bypass that project. The Authority shall provide written notice to the applicant that the project has been bypassed. The~~

Authority shall replace the bypassed project with the next project on the Drinking Water Project Technical Assistance Priority List in rank order that is ready to accept technical assistance.

R18-15-509. Priority List Ranking Criteria for Drinking Water Project Technical Assistance

A. The Authority, through its Board, shall rank projects using priority values obtained from the following formula:

$PV = EC + PB + LFC$, where:

PV = Priority Value

EC = Existing Conditions

PB = Project Benefits

LFC = Local Fiscal Capacity

1. Existing Conditions (EC) — The Authority shall award EC points up to a maximum of 200 points using the following formula:

$EC = CC + PYF$, where:

CC = Current Conditions

PYF = Prior Year Funding

a. Current Conditions (CC) — The Authority shall award CC points up to a maximum of 100 points as follows:

- i. 100 points if the applicant's system is at or above the 80th percentile of the community water systems on the Department's Master Priority List.
- ii. 80 points if the applicant's system is at or above the 60th percentile but less than the 80th percentile of the community water systems on the Department's Master Priority List.
- iii. 60 points if the applicant's system is at or above the 40th percentile but less than the 60th percentile of the community water systems on the Department's Master Priority List.
- iv. 40 points if the applicant's system is at or above the 20th percentile but less than the 40th percentile of the community water systems on the Department's Master Priority List.
- v. 20 points if the applicant's system is less than the 20th percentile of the community water systems on the Department's Master Priority List.
- vi. 0 points if the applicant's system is not listed on the Department's Master Priority List.

b. Prior Year Funding (PYF) — The Authority shall award PYF points up to a maximum of 100 points with only 1 set of points awarded as follows:

- i. 100 points if the applicant requests project technical assistance to design a project that received pre-design project technical assistance from the Authority in a previous funding cycle.
- ii. 50 points if the applicant requests additional technical assistance to offset actual costs or justified overruns.

2. Project Benefits (PB) — The Authority shall award PB points up to a maximum of 200 as follows:

a. For requests for pre-design project technical assistance, the Authority shall award points as follows:

- i. 200 points if the project receives a combined score of 160 to 200 points for Current Conditions under R18-15-509(A)(1) and Local Fiscal Capacity under R18-15-509(A)(3).
- ii. 150 points if the project receives a combined score of 120 to 159 points for Current Conditions under R18-15-509(A)(1) and Local Fiscal Capacity under R18-15-509(A)(3).
- iii. 100 points if the project receives a combined score of 80 to 119 points for Current Conditions under R18-15-509(A)(1) and Local Fiscal Capacity under R18-15-509(A)(3).
- iv. 50 points if the project receives a combined score of 40 to 79 points for Current Conditions under R18-15-509(A)(1) and Local Fiscal Capacity under R18-15-509(A)(3).
- v. 0 points if the project receives a combined score of fewer than 40 points for Current Conditions under R18-15-509(A)(1) and Local Fiscal Capacity under R18-15-509(A)(3).

b. For requests for design project technical assistance, the Authority shall award points as follows:

$PB = WSI + CR$, where:

WSI = Water System Improvement

CR = Consolidation & Regionalization

i. Water System Improvement (WSI) — The Authority shall award WSI points up to a maximum of 150 points from the following categories:

- (1) A maximum of 100 points if the applicant's proposed project address deficiencies identified by the Department on the Department's Master Priority List.
- (2) 25 points if the applicant submitted a complete Capacity Development Plan to the Department.

- (3) 25 points if the proposed project includes installation of meters.
 - ii. Consolidation & Regionalization (CR) — The Authority shall award CR points up to a maximum of 50 points as follows:
 - (1) 20 points if the applicant is consolidating the physical facilities of existing multiple facilities.
 - (2) 20 points if the applicant is extending service to existing areas currently served by another facility.
 - (3) 5 points if the applicant is consolidating the operations of existing multiple facilities.
 - (4) 5 points if the applicant is consolidating the ownership of existing multiple facilities.
- 3. Local Fiscal Capacity (LFC) — The Authority shall award LFC points up to a maximum of 100 points using the following formula:

$$LFC = MHI + UF + I$$
 where:
 LFC = Local Fiscal Capacity
 MHI = Median Household Income
 UF = User Fees
 I = Indebtedness
- a. Median Household Income (MHI) — The Authority shall divide the MHI from the area served by the applicant by the state's MHI (Service Area MHI/State MHI) to award points as follows:
 - i. 40 points if the area's MHI is less than 40% of the State's MHI.
 - ii. 30 points if the area's MHI is greater than or equal to 40% but less than 60% of the State's MHI.
 - iii. 20 points if the area's MHI is greater than or equal to 60% but less than 80% of the State's MHI.
 - iv. 10 points if the area's MHI is greater than or equal to 80% but less than 100% of the State's MHI.
 - v. 0 points if the area's MHI is greater than or equal to 100% of the State's MHI.
- b. User Fees (UF) — The Authority shall divide the applicant's proposed residential user fees, rates, and charges by the service area's MHI (Proposed User Fees, Rates and Charges/Area MHI) to award points as follows:
 - i. 30 points if the rates are more than 1.5% of the area's MHI.
 - ii. 15 points if the rates are from 1% to 1.5% of the area's MHI.
 - iii. 0 points if the rates are less than 1% of the area's MHI.
- c. Indebtedness (I) — The Authority shall divide existing indebtedness and proposed indebtedness by the number of users (Indebtedness/Number of Users) and divide the result by the service area's MHI to award points as follows:
 - i. 30 points if the existing and proposed indebtedness is more than 1% of the area's MHI.
 - ii. 15 points if the existing and proposed indebtedness is from .5% to 1% of the area's MHI.
 - iii. 0 points if the existing and proposed indebtedness is less than .5% of the area's MHI.
- d. The Authority may use the most recent United States census data to determine the applicant's and the state's median household income. If the Authority or the applicant determines that this data is insufficient, the applicant shall use a reliable and impartial entity to conduct an income survey of the applicant's service area. If the applicant's service area is included in more than one income area, the Authority shall use an average of income areas to define the service area's median household income.
- B. The Authority shall rank tied scores by placing the project with the highest Local Fiscal Capacity points under R18-15-509(A)(3) above all other tied projects.

R18-15-510. Fundable Range for Drinking Water Project Technical Assistance Grants

- A. The Board shall adopt a Fundable Range for Drinking Water Project Technical Assistance Grants based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for funding cycles in which funds are not adequate to assist any projects.
- B. The Authority shall prepare a draft and a final Fundable Range at the same time and in the same manner as the Drinking Water Project Technical Assistance Priority List in accordance with R18-15-508(D) and (E).
- C. The Authority shall rank projects within the Fundable Range based on priority values obtained from the Drinking Water Project Technical Assistance Priority List and the year the applicant requires funding. The Fundable Range addressed by the section shall be limited to systems fewer than 10,001 people.
- D. As a guide to award project technical assistance grants or consultant contributions, the Board may require applicants to contribute to fund total project costs as follows, based on ability to contribute:
 - 1. 25% contribution towards total project costs if the project received 70 or more points for Local Fiscal Capacity under R18-15-509(A)(3).

2. ~~50% contribution towards total project costs if the project received fewer than 70 but at least 50 points for Local Fiscal Capacity under R18-15-509(A)(3).~~
3. ~~75% contribution towards total project costs if the project received fewer than 50 but at least 30 points for Local Fiscal Capacity under R18-15-509(A)(3).~~
4. ~~If the applicant receives fewer than 30 points for Local Fiscal Capacity pursuant to R18-15-509(A)(3), the applicant may still be eligible for a project technical assistance loan under R18-15-511.~~
5. ~~An applicant's contribution can include cash contributions, in-kind contributions, and contributions financed by loans or debt from any source including a loan from the Authority. The Board may waive or modify the applicant's contribution for total project costs if the Board determines, at a public meeting, that the applicant is unable to fund the contribution in accordance with this subsection.~~
- E. ~~The Board shall make additions to the Fundable Range if each of the following conditions are met:~~
 1. ~~The project is on the Drinking Water Project Technical Assistance Priority List,~~
 2. ~~Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and~~
 3. ~~The additions are made by the Board at a public meeting.~~
- F. ~~After an opportunity for public comment at a public meeting, the Board shall remove a project from the Fundable Range under one or more of the following circumstances:~~
 1. ~~The project has been removed from the Drinking Water Project Technical Assistance Priority List,~~
 2. ~~The project has received all technical assistance requested by the applicant, or~~
 3. ~~The applicant fails to proceed with the project.~~

R18-15-511. Fundable Range for Drinking Water Project Technical Assistance Loans

- A. ~~The Board shall adopt a Fundable Range for Drinking Water Project Technical Assistance Loans based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for funding cycles in which funds are not adequate to assist any projects.~~
- B. ~~The Authority shall prepare a draft and a final Fundable Range at the same time and in the same manner as the Drinking Water Project Technical Assistance Priority List in accordance with R18-15-508(D) and (E).~~
- C. ~~The Authority shall rank projects within the Fundable Range based on priority values obtained from the Drinking Water Project Technical Assistance Priority List and the year the applicant requires funding.~~
- D. ~~The Authority shall provide only project technical assistance loans to applicants eligible under this Section.~~
- E. ~~The Board shall make additions to the Fundable Range if each of the following conditions are met:~~
 1. ~~The project is on the Drinking Water Project Technical Assistance Priority List,~~
 2. ~~Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and~~
 3. ~~The additions are made by the Board at a public meeting.~~
- F. ~~After an opportunity for public comment at a public meeting, the Board shall remove a project from the Fundable Range under one or more of the following circumstances:~~
 1. ~~The project has been removed from the Drinking Water Project Technical Assistance Priority List,~~
 2. ~~The project has received all technical assistance requested by the applicant, or~~
 3. ~~The applicant fails to proceed with the project.~~

ARTICLE 6. HARDSHIP GRANT FUND PROGRAM

R18-15-601. Types of Assistance Available Hardship Grant Fund Administration

- A. ~~The Authority may provide hardship grants for any of the following purposes:~~
 1. ~~In accordance with A.R.S. § 49-1267(D)(1), financial assistance in the form of grants to political subdivisions and Indian tribes to design, plan, acquire, construct, or improve wastewater collection and treatment facilities.~~
 2. ~~In accordance with A.R.S. § 49-1267(D)(2), technical assistance related to the operation and maintenance of wastewater systems.~~
- B. ~~The Authority shall describe projects and proposed assistance in the Clean Water Revolving Fund Intended Use Plan developed under R18-15-203 or in the Technical Assistance Intended Use Plan developed under R18-15-501.~~
- A. The Authority shall establish a separate account or accounts for the Hardship Grant Fund Program from any monies received according to A.R.S. 49-1267(A). The Authority shall only use the monies from the Hardship Grant Fund Program for:

1. Providing hardship grants to political subdivisions or Indian tribes to plan, design, acquire, construct or improve wastewater collection and treatment facilities, and
 2. Providing training related to operation and maintenance of wastewater systems.
- B.** The Authority shall identify any funding available for financial assistance under the Hardship Grant Fund Program in the annual Clean Water Revolving Fund Intended Use Plan described in R18-15-202 and any funding available for technical assistance in the Clean Water Technical Assistance Intended Use Plan described in R18-15-502. If the Board determines no funding is available for the Hardship Grant Fund Program program, the Authority shall not evaluate any applications for financial assistance or grant applications for technical assistance for funding from the Hardship Grant Fund Program.

R18-15-602. Eligibility Requirements for Hardship Grant Fund Financial Assistance

- ~~A. To be eligible to receive financial assistance an applicant shall propose a project to design, plan, acquire, construct, or improve wastewater collection and treatment facilities owned by political subdivisions or Indian tribes.~~
- ~~B. An applicant eligible under subsection (A) shall also meet all of the following requirements before receiving financial assistance:~~
- ~~1. The applicant has applied for financial assistance in accordance with R18-15-102(A), (B), and (E).~~
 - ~~2. The project is on the Clean Water Revolving Fund Priority List developed under Article 2 of this Chapter or the project is on the Clean Water Project Technical Assistance Priority List developed under Article 5 of this Chapter.~~
 - ~~3. The applicant is a community in a rural area.~~
 - ~~4. The applicant is a community of more than a single household but no more than 3,000 persons as measured by the most recent United States decennial census.~~
 - ~~5. The applicant is a community that lacks centralized wastewater treatment or collection systems or needs improvements to wastewater treatment systems.~~
- A.** If funding is available in the Hardship Grant Fund Program, the Authority shall determine if any of the applicant's requesting placement on the Clean Water Revolving Fund Priority List meet the requirements according to A.R.S. § 49-1268(A)(2). In addition to meeting the requirements of A.R.S. § 49-1267(A)(2), the applicant shall meet the following:
1. On the date the applicant applies for financial assistance, the per capita annual income of the community's residents does not exceed 80% of national per capita income.
 2. On the date the applicant applies for financial assistance, the community's local unemployment rate exceeds by one percentage point or more the most recently reported average yearly national unemployment rate.
- B.** The Authority shall make the determination of applicant's eligibility to the Hardship Grant Fund Program during the ranking of the project under R18-15-204. Of the applicant's eligible to receive financial assistance from the Hardship Grant Fund Program, the Authority shall award the hardship grant monies based on the Local Fiscal Capacity points assigned to an applicant under R18-15-204(A)(6) and an applicant's ability to generate sufficient revenues to pay for debt service.
- C.** The Authority shall proceed according to Article 2 for any applicant meeting the eligibility requirements for the Hardship Grant Fund Program. In addition to proceeding under R18-15-207, the Authority shall identify any applicant that qualifies for Hardship Grant Fund Program financial assistance and shall make a recommendation to the Board regarding the amount of funding to provide the applicant from the Hardship Grant Fund Program.

R18-15-603. Hardship Grant Financial Assistance Awards Fund Technical Assistance

- ~~A. The Board shall award financial or technical assistance to eligible applicants for proposed projects in priority order according to the priority lists developed under Articles 2 and 5 of this Chapter. If the Authority determines that an eligible applicant will not be able to proceed with a project, the Board shall bypass that project. The Authority shall provide written notice to the applicant that the project has been bypassed. The Authority shall replace the bypassed project with the next eligible applicant and eligible project pursuant to priority lists developed under Articles 2 and 5 of this Chapter.~~
- ~~B. The Board shall award financial or technical assistance to eligible applicants based on the Local Fiscal Capacity points assigned to an applicant under R18-15-205(A)(3) or R18-15-505(A)(4) and an applicant's ability to generate sufficient revenues to pay debt service.~~
- A.** If funding is available in the Hardship Grant Fund Program, the Authority shall identify in the request for grant applications prepared according to A.R.S. § 41-2702(B) the amount of funding for technical assistance available from the Hardship Grant Fund Program.

- B. The Authority shall make the determination of grant applicant's eligibility to the Hardship Grant Fund Program during the ranking of the project under R18-15-503. Of the grant applicant's eligible to receive technical assistance from the Hardship Grant Fund Program, the Authority shall award the hardship grant monies based on the Financial Capability points assigned to an grant applicant under R18-15-503(F)(1).
- C. The Authority shall proceed according to R18-15-503 for any grant applicant requesting assistance for operation and maintenance for a wastewater system. In addition to proceeding under R18-15-503(F), the Authority shall identify any grant applicant that qualifies for Hardship Grant Fund Program technical assistance and shall make a recommendation to the Board regarding the amount of funding to provide the grant applicant from the Hardship Grant Fund Program.

ARTICLE 7. INTEREST RATE SETTING AND FORGIVABLE PRINCIPAL

R18-15-701. Interest Rate Setting and Forgivable Principal

- A. The Authority shall prescribe the rate of interest, including interest rates as low as 0% on Authority loans, bond purchase agreements, and linked deposit guarantees based on the Local Fiscal Capacity points assigned to an applicant under ~~R18-15-205(A)(3)~~ R18-15-204(A)(6), ~~or R18-15-305(A)(3)~~ R18-15-304(A)(6), or R18-15-404(A)(5), and an applicant's ability to generate sufficient revenues to pay debt service.
- B. The Authority may forgive principal on Authority loans, bond purchase agreements, and linked deposit guarantees made to local units of government to plan, acquire, construct, or improve drinking water facilities.
- C. In accordance with subsection (B) of this Section, the Authority may forgive principal based on the Local Fiscal Capacity points assigned to an applicant under ~~R18-15-305(A)(3)~~ R18-15-304(A)(6), and an applicant's ability to generate sufficient revenues to pay debt service.